

U. S. Department of the Treasury

Strategic Plan

***For Fiscal Years
2000 – 2005***



April 25, 2000 Draft

Message from the Secretary:

Treasury's responsibilities and activities are broad in scope and truly touch the lives of all Americans. The Department's role in promoting a stable economy, managing the Government's finances, and fighting crime is crucial to a healthy and vibrant America.

The right course must be set to continue this important work, and this strategic plan lays out those goals and objectives we plan to accomplish over the next five years. Treasury's four-part mission describes the purposes of our diverse functions. It includes three programmatic missions covering our economic, financial, and law enforcement responsibilities. A fourth management mission area also is included, since only a strong and efficient organization can succeed in accomplishing our programmatic goals. For each of these mission areas, the plan includes specific goals and objectives through fiscal year 2005, strategies to achieve those goals and objectives, and external factors that may affect their achievement.

There are several key Treasury priorities identified in this plan that I want to highlight. These include maintaining a strong domestic economy, promoting a stable global economy, modernizing the nation's financial system, reducing gun-related violence, paying down the national debt, strengthening Social Security and Medicare, promoting a sound tax system, and continuing to improve the Internal Revenue System. Relevant goals, objectives, and strategies are presented for each of these important areas.

Effective strategic planning is an ongoing process. We will update and revise the plan periodically to make certain it reflects our best strategic thinking. We will use the results to guide our day-to-day operations and to direct our allocation of resources. I have assigned specific offices within Treasury to take the lead on implementing the strategies associated with each objective, and I will look to these offices for regular progress reports on achieving these objectives.

Our plan was developed with the active involvement of officials throughout Treasury, and we have sought input from many of our stakeholders in Congress, elsewhere in the government, and in the private sector. We welcome input from all of our stakeholders as we continue on the course of maintaining a strong and healthy America.

Lawrence H. Summers

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COMMENTS

We welcome your feedback

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DEPARTMENT OF THE TREASURY FY 2000 - FY 2005 STRATEGIC PLAN SUMMARY TABLE OF MISSION, GOALS AND OBJECTIVES		
ECONOMIC: PROMOTE PROSPEROUS AND STABLE AMERICAN AND WORLD ECONOMIES	FINANCIAL: MANAGE THE GOVERNMENT'S FINANCES	LAW ENFORCEMENT: PROTECT OUR FINANCIAL SYSTEMS AND OUR NATION'S LEADERS, AND FOSTER A SAFE AND DRUG FREE AMERICA
<p>GOAL: PROMOTE DOMESTIC ECONOMIC GROWTH</p> <ul style="list-style-type: none"> \$ Pay down the debt held by the public by at least 25% by 2005 \$ Promote long-term entitlement reform \$ Improve retirement security and increase savings \$ Promote fair and efficient delivery of credit and other financial services and help bring residents of distressed communities into the economic mainstream \$ Improve and modernize the U.S. financial system \$ Promote the transparency, integrity and efficiency of the Nation's financial markets \$ Provide an economic and government financial policy perspective on all relevant Administration issues \$ Protect the public and prevent consumer deception in specific regulated commodities <p>GOAL: MAINTAIN U.S. LEADERSHIP ON GLOBAL ECONOMIC ISSUES</p> <ul style="list-style-type: none"> \$ Promote the implementation of sound economic policies in developing and emerging market economies \$ Strengthen international financial institutions and support their efforts to promote sustainable economic growth, development, and financial stability \$ Monitor the global economy and promote international economic growth through cooperation on economic policy \$ Facilitate legitimate trade, increase compliance with trade laws, enhance access to foreign markets and enforce trade agreements \$ Help strengthen the stability and efficiency of global capital markets and promote a sound global policy framework for international investment \$ Pursue exchange rate policies to promote world economic growth and financial stability 	<p>GOAL: COLLECT REVENUE DUE TO THE FEDERAL GOVERNMENT</p> <ul style="list-style-type: none"> \$ Improve and simplify tax laws and administrative guidance, consistent with important tax policy goals \$ Increase compliance with tax laws \$ Improve Federal non-tax debt collections <p>GOAL: MANAGE THE FEDERAL GOVERNMENT'S ACCOUNTS</p> <ul style="list-style-type: none"> \$ Ensure all Federal payments are accurate and timely \$ Ensure that the government's cash management minimizes risk and provides immediate flow and balance information \$ Provide accurate and timely financial information and support the government-wide implementation of accounting standards \$ Strengthen the government's financial infrastructure to improve the efficiency of program management across government \$ Ensure the effective management and/or investment of funds in the custody of Treasury <p>GOAL: COST-EFFECTIVELY FINANCE THE FEDERAL GOVERNMENT'S OPERATIONS</p> <p>GOAL: IMPROVE THE EFFICIENCY OF PRODUCTION OPERATIONS AND MAINTAIN THE INTEGRITY OF U.S. LEGAL TENDER</p> <ul style="list-style-type: none"> \$ Increase the productivity and efficiency of coin and currency manufacturing \$ Continue to explore mechanisms for maintaining the integrity of U.S. coin and currency 	<p>GOAL: COMBAT MONEY LAUNDERING AND OTHER FINANCIAL CRIMES</p> <ul style="list-style-type: none"> \$ Dismantle domestic and international money laundering networks \$ Reduce counterfeiting and other criminal threats to our financial system <p>GOAL: PROTECT OUR NATION'S BORDERS AND MAJOR INTERNATIONAL TERMINALS FROM TRAFFICKERS AND SMUGGLERS OF ILLICIT DRUGS</p> <ul style="list-style-type: none"> \$ Deny the smuggling of illicit drugs at land borders, airports, and seaports • Support all aspects of the National Drug Control Strategy <p>GOAL: REDUCE VIOLENT CRIMES AND THE THREAT OF TERRORISM</p> <ul style="list-style-type: none"> \$ Deny criminals access to firearms and reduce the risk of violent crime in our communities \$ Strengthen the capability to fight terrorist threats to the U.S. \$ Safeguard the public from arson and explosive incidents <p>GOAL: PROTECT OUR NATION'S LEADERS AND VISITING WORLD DIGNITARIES</p> <ul style="list-style-type: none"> \$ Proactively manage the changing nature of threats by developing, acquiring, and deploying countermeasures \$ Develop a formal risk assessment-based decision-making process to enhance protective capabilities <p>GOAL: PROVIDE HIGH QUALITY TRAINING FOR LAW ENFORCEMENT PERSONNEL</p> <ul style="list-style-type: none"> \$ Enhance basic and in-service training programs to meet changing needs and increasing demands \$ Develop and operate state-of-the-art facilities and systems responsive to interagency training needs

MANAGEMENT: CONTINUE TO BUILD A STRONG INSTITUTION

GOAL: SUPPORT THE ACHIEVMENT OF BUSINESS RESULTS

- *Improve capacity to recruit, develop, and retain high caliber employees*
- *Foster an environment of equal opportunity*
- *Ensure strong financial management of Treasury accounts*
- *Make wise capital investments and effectively manage Treasury assets*
- *Procure quality goods and services at a fair and reasonable price and in a timely manner*
- *Ensure continuity of Treasury operations*
- *Strengthen Treasury's ability to ensure proper and effective oversight of bureau operations*

GOAL: IMPROVE CUSTOMER SATISFACTION

- *Develop service standards for all Treasury programs serving the public*
- *Regularly measure actual performance against standards and report results to the public*

GOAL: IMPROVE EMPLOYEE SATISFACTION

- *Regularly measure employee perceptions of management and organizational effectiveness*
- *Target employee development where opportunities exist to improve in areas identified by employees*

ECONOMIC MISSION

PROMOTE PROSPEROUS AND STABLE AMERICAN AND WORLD ECONOMIES

Treasury seeks to maximize the potential of the U.S. and world economies for growth and stability. In pursuit of this mission, the Secretary of the Treasury is the principal economic advisor to the President and plays a critical role in policy-making by bringing an economic and government financial policy perspective to issues facing the government.

In the domestic area, Treasury develops policies and provides guidance affecting fiscal matters, financial institutions, financial regulation, and capital markets. In this capacity, Treasury oversees the activities of the Office of the Comptroller of the Currency and the Office of Thrift Supervision. In addition, through the Community Development Financial Institutions program, Treasury seeks to promote economic growth in distressed communities by increasing the availability of business capital. Treasury works closely with other agencies with cross-cutting activities to ensure coordination as it works to achieve its economic goals. The principal agencies include the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Departments of Health and Human Services, Housing and Urban Development, Labor, and Commerce, the Small Business Administration, and various Executive Office councils and offices, such as the National Economic Council and the Office of Management and Budget.

In the foreign arena, Treasury is the principal Cabinet agency charged with developing policies and guidance in the areas of international monetary affairs, trade and investment policy, international debt strategy, and U.S. participation in international financial institutions. Agencies Treasury works with include the Department of State, the United States Trade Representative, the Export-Import Bank, the Overseas Private Investment Corporation, the Organization for Economic Cooperation and Development, and various Executive Office councils and offices.

GOAL: PROMOTE DOMESTIC ECONOMIC GROWTH

Treasury develops and implements policies related to domestic economic development, tax policies and programs, banking and financial institutions, and other fiscal matters. Working with other agencies and organizations, Treasury works to improve retirement security, increase saving rates, strengthen entitlement programs, improve economic growth in impoverished communities, improve the transparency, integrity, and efficiency of the U.S. financial markets, and improve the structure and safety of financial institutions.

Key Partners in Achieving this Goal Include: The Departments of Commerce, Housing and Urban Development, and Health and Human Services, the Small Business Administration, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the President's Working Groups, various banking agencies, the White House, various advisory committees, and Congress.

Objective: Pay Down the Debt Held by the Public at Least 25% by 2005

Means and Strategies

- Provide continuing analytical support for the view that fiscal responsibility – including debt reduction in preparation for the retirement of the baby-boom generation – will promote economic growth.
 - Participate in the interagency process of devising the long-term fiscal strategy of the Administration.
 - Assist in the outside presentation of the Administration's long-term fiscal strategy through speeches, testimonies, and other appropriate forums.
 - Analyze proposals that Members of Congress and others may put forward with implications for the long-term fiscal stance of the government.
 - Use the Federal budget surplus to pay down Treasury debt in a manner that is consistent with Treasury's debt management goals.
 - Work with other agencies to coordinate their strategies for operating in an era of declining national debt. (For example, this would include the Federal Reserve, which currently holds marketable Treasury securities as the main asset on its balance sheet.)
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Objective: Promote Long-Term Entitlement Reform

Means and Strategies

- Participate in the interagency process to develop policies related to long-term entitlement reforms.
 - Support Administration efforts to work with Congress to gain enactment of policies to credit the interest savings from debt reductions to the Social Security Trust Fund.
 - Provide analyses of any Administration and Congressional proposals for long-term reform of programs, including analyses of distributional effects.
 - Help prepare and ensure the technical quality of the annual reports of the Social Security and Medicare trustees to Congress, which provide the financial projections that are the basis for evaluating reform proposals.
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Objective: Improve Retirement Security and Increase Savings

Means and Strategies

- Continue efforts to simplify tax provisions for pension plans.
 - Help develop proposals to improve the U.S. pension system.
 - Help the Department of Labor and the Pension Benefit Guaranty Corporation promote increased pension participation and retirement saving, especially among low- and moderate-income workers.
 - Continue current efforts, with the IRS, to develop regulations and other administrative guidance that improve the U.S. pension system by providing appropriate worker protections, minimizing administrative burdens, and furthering other retirement policy goals.
 - Continue current efforts to carefully target expansions of tax benefits for saving, such as expanded Individual Retirement Accounts, consistent with other important goals, including tax policy objectives and within the framework of a balanced budget.
 - Develop proposals to increase savings, through public education efforts, including the U.S. Savings Bond campaign, and the possible modification of various Federal programs in this area.
 - Coordinate pension reform with long-term entitlement reform to assure that the goal of adequate retirement income security is achieved in the context of an aging society.
 - Provide technical support for Congressional staffs drafting proposed legislation in the area of pensions and retirement saving.
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Objective: Promote Fair and Efficient Delivery of Credit and Other Financial Services and Help Bring Residents of Distressed Communities into the Economic Mainstream

Means and Strategies

- Formulate community development finance policies and other capital and credit access initiatives, and furnish economic advice and assistance to Federal agencies and other participants regarding these policies.
 - Monitor the effectiveness and, along with other regulatory agencies, the enforcement of the Community Reinvestment Act.
 - Monitor government-sponsored enterprises' mission fulfillment, especially in meeting housing goals and similar targets established for providing credit to distressed communities. This includes participating in interagency efforts to coordinate enforcement of fair lending laws.
 - Provide grants, loans, equity investments, and technical assistance to community development financial institutions through the Community Development Financial Institutions (CDFI) Fund.
 - Advance micro-enterprise development in the United States through the CDFI Fund's Presidential Awards for Micro-Enterprise Development, and through interagency coordination of Federal micro-enterprise programs.
 - Educate the public about tax incentives designed to improve the prospects for economic growth in distressed areas and increase job opportunities for low-income workers (such as the Brownfields tax incentive, second round of Empowerment Zones, tax incentives for the District of Columbia, welfare-to-work tax credit), continue to support the low-income housing tax credit, and continue to explore other such policies.
 - Help develop, over the long-term, a secondary market for community and economic development loans to enhance liquidity and market performance.
 - Help bring all Americans, including the unbanked, into the financial services mainstream through "Electronic Funds Transfer 99" and other Treasury regulatory policies and programs.
 - Encourage the private sector to provide business mentoring to small businesses in distressed communities.
 - Work with other Federal agencies (including the Departments of Health and Human Services and Housing and Urban Development, the Small Business Administration, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board) and Congress to develop policies to move families from welfare to work.
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Objective: Improve and Modernize the U.S. Financial System

Means and Strategies

- Develop the Administration's policy positions on, and legislative and regulatory proposals regarding, the structure, activities, safety, and regulation of financial institutions, and draft studies regarding financial institutions as requested by the Administration and Congress.
- Provide technical support to Congressional staffs in developing legislation that will encourage competition in financial services, protect consumers, and safeguard the public's interest in a sound financial system.
- Monitor the health of the federal deposit insurance system and provide analyses and proposals to reform the system.

- Participate in the development of the Administration's policy positions on, and legislative proposals regarding, government-sponsored enterprises; including the Student Loan Marketing Association, the Federal Home Loan Bank System, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Farm Credit System, and the Federal Agricultural Mortgage Corporation.
 - Monitor the financial condition and activities of the Federal Agricultural Mortgage Corporation and the Student Loan Marketing Association.
 - Monitor financial market, technological, and regulatory developments related to electronic money.
 - Work with other Federal entities (including the Department of Commerce, the Securities and Exchange Commission, the President's Working Group on Financial Markets) and Congress in continuing to monitor the emergence of electronic commerce.
 - Ensure appropriate staff levels and funding to support requirements of financial modernization legislation.
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Objective: Promote the Transparency, Integrity, and Efficiency of the Nation's Financial Markets

Means and Strategies

- Develop and implement policies to promote the transparency, integrity, and efficiency of the Nation's financial markets, and draft studies regarding financial markets as requested by the Administration and Congress.
 - Initiate Treasury regulations under the Government Securities Act and the uniform offering circular for marketable Treasury securities to maintain the integrity of Treasury securities auctions and provide appropriate investor protection.
 - Coordinate regulatory oversight of financial markets through the President's Working Group on Financial Markets (which includes the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Reserve Board, and the Federal Reserve Bank of New York).
 - Assist in the clarification and improvement of legislation affecting financial markets.
 - Work with other government agencies, the Congress, and the private sector to develop and maintain standards for privacy of financial and other records.
 - Develop positions on digital signature legislation and other initiatives designed to take advantage of advances in technology while at the same time maintaining important consumer and other protections.
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Objective: Provide an Economic and Government Financial Policy Perspective on All Relevant Governmental Issues

Means and Strategies

- Provide economic analysis and input into government policy-making processes and legislative proposals.
 - Improve analytic capability and access to relevant data sources, including improving knowledge of research in relevant fields, staff recruiting and computer access to data, cooperating with other agencies as needed.
 - Work with other government agencies to ensure that Administration policies and proposals conform to sound government financial policy.
 - Establish partnerships with the Chief Financial Officers Council, the Federal Credit Policy Working Group, the Joint Financial Management Improvement Program, and other appropriate organizations to identify and articulate government-wide financial policy issues.
 - Train federal employees in sound economic and government financial policies.
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Objective: Protect the Public and Prevent Consumer Deception in Specific Regulated Commodities

Means and Strategies

- Assure the integrity of the products, people, and companies in the marketplace.
 - Ensure compliance with laws and regulations through education, inspection, and investigation.
 - Assure the adequacy and truthfulness of information provided to the public.
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Key Factors Affecting Achievement of Goal
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- **Economic activity and performance.** The performance and conditions of the economy will influence and affect most of the above objectives to some degree.
- **Changes in the financial services industry.** Competitive pressures, consolidation of financial institutions, development of new products and services, and other changes in the market will impact efforts to improve and modernize the U.S. financial system.
- **Changing demographics.** During the next decades, the retirement of the baby-boomers is expected to put pressure on the Social Security and Medicare systems, particularly affecting objectives relating to retirement security.
- **Changing technology.** Rapidly-changing technology may affect the operation and risks of the U.S. payments system and the flow of savings into financial institutions and other investment media.

GOAL: MAINTAIN U.S. LEADERSHIP ON GLOBAL ECONOMIC ISSUES

Treasury formulates and executes U.S. international economic and financial policies. In conjunction and cooperation with other Federal agencies and organizations, and other nations, Treasury works to promote sound macroeconomic policies and reforms world-wide, to strengthen International Financial Institutions IFIs, to promote international economic growth and financial stability, and to facilitate trade and open access to foreign markets. Treasury monitors its success through several indicators, including economic conditions in foreign countries, the level of U.S. exports of goods and services, and the level of U.S. direct investment abroad.

Key Partners in Achieving this Goal Include: The Department of State, the Export-Import Bank, the Overseas Private Investment Corporation, the U.S. Trade Representative, the Organization for Economic Cooperation and Development, G-7 partners, G-10 Finance Ministers, G-20 partners, the International Monetary Fund, and the Multilateral Development Banks.

Objective: Promote the Implementation of Sound Economic Policies in Developing and Emerging Market Economies

Means and Strategies

- Through both bilateral and multilateral efforts, encourage sound macroeconomic policies and market-oriented economic and financial reforms focused on privatization, liberalization of laws affecting the private sector, good governance and transparency, and an appropriate regulatory/supervisory role for the official sector.
- Promote cooperative relations with the International Financial Institutions (IFIs) and the developing and emerging economies to gain acceptance of appropriate economic reform as a condition of IFI lending.
- Participate in the following multilateral fora as instruments to encourage reform policies: the newly established G-20, the Organization for Economic Cooperation and Development (OECD) in its dialogue with transition economies, the Finance Ministers meetings of the Asia Pacific Economic Cooperation (APEC) countries, the North American Financial Group of the North American Free Trade Area (NAFTA), the Summit of the Americas process (Committee on Hemispheric Financial Issues), and the Manila Framework Group of finance ministries and central banks in Asia.
- Chair and/or participate in existing bilateral groups such as the Joint Economic Commissions with key economies, (e.g., China, Israel, Egypt, South Africa, Turkey, Taiwan, Russia, Ukraine, and India) to promote sound and sustainable economic policy agendas.
- Develop and implement official debt reduction efforts with the Paris Club and the IFIs to include the G-7 Cologne Agreement to enhance the Heavily Indebted Poorest Countries (HIPC) Initiative.
- In extraordinary debt situations, seek to ensure that official creditors and institutions and private sector investors and creditors participate at a proportional level in support of debt workouts.
- Improve the foreign credit reporting system to better manage overall foreign debt and the collection of outstanding foreign debt.
- Offer technical assistance to foreign governments whose countries are undergoing economic transformation in the areas of tax, budget, financial institutions and banking, governmental debt issuance and management, and financial crimes enforcement, in support of market-based policies.

- Encourage appropriate reform and economic activity in developing and emerging markets by working with other United States government entities, including the Export-Import Bank, State Department, Overseas Private Investment Corporation, Agency for International Development, and Office of Management and Budget-chaired country risk review group, and the credit review process chaired by the bank supervisory agencies.
 - Fight infectious diseases through the purchase of vaccines for diseases that ravage poor nations, including hepatitis B, certain forms of meningitis, and yellow fever. In addition, pursue a new tax credit to encourage the development of vaccines that occur primarily in the developing world (e.g., HIV/AIDS, malaria, and TB).
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Objective: Strengthen International Financial Institutions (IFIs) and Support Their Efforts to Promote Sustainable Economic Growth, Development, and Financial Stability

Means and Strategies

- Continue to press for a full range of reforms of internal operations of the IFIs to increase their development and cost-effectiveness, including performance-based lending allocation, greater transparency, enhanced participation, and strengthened internal controls.
- Support broad-based sustainable development and market-oriented policies, including poverty reduction, fiscal accountability, appropriate composition of public expenditure, environmental sustainability, good governance, core labor standards, private sector development, and market-oriented reforms and adjustment through IFI programs.
- Identify measures that the IFIs could take to minimize the scope of opportunity for misuse of resources they provide.
- Continue engagement and effective U.S. leadership on the key issues before the International Monetary Fund (IMF) to promote financial stability and advance reforms to IMF operations and programs.
- Preserve U.S. influence and leadership in the Multilateral Development Banks (MDBs).
- Work with the MDBs to design financial and operational plans to reduce, where feasible, dependence on direct donor resources, including through transfer of internal resources, changes in pricing, greater selectivity, and graduation policies.
- Achieve greater effectiveness of IFIs through enhanced collaboration, including areas such as financial sector reform and poverty alleviation, more explicit division of labor in areas of overlap and, where appropriate, harmonization of MDB practices to the highest standards.
- Promote policies and programs of the international financial institutions that are consistent with, and will help further, U.S. foreign and economic policy objectives, including assisting countries emerging from conflict.
- Promote U.S. global commercial interests through promoting trade and investment reforms in the context of MDB programs and by advancing sound and fair business procurement policies, procedures, and practices in the MDBs.
- Promote incorporation of environmental considerations, including global environmental problems (e.g., global warming and global water use), into the full range of MDB operations.
- Achieve timely payment of U.S. commitments to the IFIs, and then seek the earliest possible clearance of arrears to all institutions.

- Pursue various health initiatives in MDBs that will significantly raise childhood immunization rates and improve access to basic health care in poorest countries, with the long-term goal of 90 percent immunization against the basic nine diseases and lower child mortality rates.
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Objective: Monitor the Global Economy and Promote International Economic Growth Through Cooperation on Economic Policy

Means and Strategies

- Exercise leadership in multilateral fora including the G-7, the newly established G-20, Working Party Three and other committees of the OECD, the G-10 Finance Ministers, and the IMF International Monetary and Financial Committee and the World Bank Development Committee to foster sound and credible economic policies and a stable, growing global economy.
 - Actively manage bilateral relationships with other important economies to promote policies of mutual benefit.
 - Prepare up-to-date and professional analyses of the global economy in order to formulate policies that ensure the maximum sustainable rate of economic growth.
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Objective: Facilitate Legitimate Trade, Increase Compliance with Trade Laws, Enhance Access to Foreign Markets, and Enforce Trade Agreements

Means and Strategies

- Work with other agencies to open world markets in order to increase trade in goods and services by expanding the scope of regional and multilateral trade arrangements. In particular, this includes launching a new round of multilateral trade negotiations in the World Trade Organization (WTO) and making progress in negotiating a Free Trade Area of the Americas.
- Work with other agencies to promote the integration of developing countries, transition economies, and emerging economic powers into the world trading system through expanded WTO membership on a commercially sound basis, more open regimes for goods and services in these economies, and appropriate use of trade preferences.
- Work with other agencies to enforce rules and agreements to reduce and eliminate foreign trade barriers and implement U.S. trade policy.
- Work with other agencies, including the United States Trade Representative (USTR) and the State Department, to conclude a successful, broad multilateral round of trade negotiations in the WTO that would, among other things, reduce foreign barriers to trade in financial services.
- Secure foreign market access for U.S. financial service providers through new bilateral agreements, enforcement of existing agreements and encouragement of unilateral liberalization.
- Enforce tied aid and minimum risk premium rules at the OECD and press for further agreements within the OECD to reduce export financing subsidies, and to increase transparency and develop disciplines for untied aid and quasi-official government financing bodies.
- Develop mechanisms, under OECD-mandated negotiations, to reduce bribery and corruption in contracts supported by export credit agencies.

- Work in OECD to implement the Ministerial mandate to develop common environmental approaches for export credit agencies, while pressing to achieve the stronger G-7 mandate to develop common environmental guidelines by the 2000 Summit to be implemented by OECD.
 - Work in the OECD, WTO, IFIs and other international fora to develop enhanced measures to help countries to promote good governance and integrity, and combat corruption and money laundering and their adverse effects on trade, investment, financial stability and economic growth.
 - Improve voluntary compliance with trade laws, and strengthen the ability of trade enforcement agencies to target enforcement efforts, to avoid undue interference with legitimate trade.
 - Work toward international standardization of customs and other trade data, and expand electronic collection of data, in order to minimize the burden on international trade and to enhance the comparability of international trade data for analytical and enforcement purposes.
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Objective: Help Strengthen the Stability and Efficiency of Global Capital Markets and Promote a Sound Global Policy Framework for International Investment

Means and Strategies

- For major financial centers, encourage the reduction of risk to ensure that the international financial system is resilient enough to withstand the failure of a major financial institution or a major market break. Do this by: (1) supporting an international agreement on principles for enhanced regulatory cooperation and the build-up of a wide and closely linked network of supervisors to address emergencies and foster comprehensive assessment of risk posed by global firms; and, (2) promoting meaningful risk-based reporting and public disclosure to enhance transparency, and encourage cooperation among regulators and the private sector to maintain high standards for effective management controls at global firms, exchanges, clearinghouses and settlement systems.
 - Reduce vulnerability to financial crises, including sustainable rate regimes, strengthening of financial systems, reducing biases towards short term capital, and debt management.
 - Encourage the dismantling of national barriers to the free flow of capital, as well as the elimination of other unnecessary legal impediments, to promote growth and greater efficiency in global capital markets.
 - In responding to financial crises which do occur, recommend prompt approaches with an appropriate mix of domestic policy reform, external official support, and involvement of a country's (countries') private sector creditors.
 - Work with other agencies, including USTR and the State Department, to promote international investment by negotiating bilateral income tax conventions, Bilateral Investment Treaties (BITs) and agreements (BIAs) with selected foreign countries and areas, and promoting investment reform in African countries.
 - Oversee and coordinate review of mergers with, and acquisitions of, U.S. firms by foreign entities for national security implications, while continuing to welcome foreign investment in the U.S.
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Objective: Pursue Exchange Rate Policies to Promote World Economic Growth and Financial Stability

Means and Strategies

- Encourage the pursuit of macroeconomic policies in G-7 countries consistent with balanced economic growth.
 - Promote flexibility of exchange rates among key currency areas in order to accommodate changes in economic fundamentals, while preserving options to resist excessive fluctuations or significant deviations from levels consistent with fundamentals.
 - Analyze and interpret market signals relating to key financial and broader economic issues and risks.
 - Consistent with U.S. obligations in the IMF on orderly exchange arrangements and a stable system of exchange rates, deal in gold, foreign exchange, and other instruments of credit and securities (so as to achieve/protect U.S. national interests) the Secretary considers necessary.
 - Cooperate with other G-7 countries, as appropriate, to promote exchange market strategy.
 - Provide accurate and timely information and analysis concerning market developments.
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Key Factors Affecting Achievement of Goal
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- **External Shocks.** Economic and financial shocks are difficult to predict, and the effectiveness of responses to them depends to a significant extent on the adequacy of policies adopted by other countries and the reaction of financial markets. In addition, there are the possibilities that major uncontrollable factors such as weather, war, and civil unrest will adversely affect economic performance.
- **Increased Globalization and Complexity.** The rapid increase in volume of financial transactions, types of financial instruments, and number of global players challenges the ability of the regulatory community to keep as modern as the market in its efforts to promote financial stability.
- **U.S. Trading Partners' Commitment.** The degree of commitment of major U.S. trading partners to strengthening regional and multilateral trading initiatives and further opening domestic markets will have an impact on the achievement of the above objectives. This commitment may decline during financial crises.
- **Data Availability and Reliability.** Several objectives depend on major U.S. trading partners' willingness to participate in efforts to standardize trade data and electronic data transmission protocols, and to exchange data on a regular basis. In addition, Treasury often depends on data provided by private vendors and foreign governments. The accuracy of these data is determined by vendor quality control and foreign statistical procedures. Also, government agencies cannot require private sector data suppliers to use electronic means of transmission.
- **Difficulty of Consensus.** Failure among regulators from many different countries to agree on a flexible approach to regulatory cooperation could delay progress in establishing new or expanding existing arrangements. Moreover, the U.S. must forge agreement with other member countries in the IFIs in order to achieve many of the objectives and strategies noted under this goal.
- **Influence of the Private Sector.** Private capital flows dwarf official resources. The capacity of the monetary authorities to influence events largely rests on their ability to influence financial markets' expectations.

- **Public Support.** Economic and financial programs cannot be undertaken without public and political support, whether in the target/recipient country or countries or in donor country or countries.

FINANCIAL MISSION

MANAGE THE GOVERNMENT'S FINANCES

As the primary fiscal agent for the Federal government, Treasury manages the Nation's finances through collecting money due the United States, making its payments, managing its borrowings, performing central accounting functions, and producing coins and currency sufficient to meet demand. The bulk of the Department's resources are devoted to collecting taxes and customs duties -- Treasury collects approximately 95% of total Federal receipts.

The Internal Revenue Service is the primary tax collecting agent; the U.S. Customs Service and the Bureau of Alcohol, Tobacco and Firearms also collect billion of dollars in revenue each year. The Financial Management Service oversees, accounts for, and reports on government collections and expenditures, and is responsible for collecting delinquent Federal debt government-wide. The Bureau of the Public Debt borrows what is necessary to meet the monetary needs of the Federal government at the lowest possible cost over the long-term. United States coins and currency are produced by the U.S. Mint and the Bureau of Printing and Engraving.

In achieving the goals in this mission area, Treasury ensures liaison and coordination with other agencies on cross-cutting activities. These include almost all Federal program agencies for payments and debt collection activities, and the Federal Reserve System for payments, collections, operational aspects of the distribution and redemption of government securities, and the circulation of coin and currency production. Similarly, the financial services regulatory agencies are conducting an active coordination effort within common areas of banking regulation.

GOAL: COLLECT REVENUE DUE TO THE FEDERAL GOVERNMENT

Treasury is responsible for the collection of approximately 95% of total Federal receipts such as individual and corporate income and other taxes, customs duties, fees, debts, and other money owed to the United States Government. The bulk of the Department's resources are devoted to collecting taxes and customs duties. Each year the Internal Revenue Service (IRS) collects more than one and a half trillion dollars. The U.S. Customs Service (Customs) collects approximately 20 billion dollars and the Bureau of Alcohol, Tobacco and Firearms (ATF) approximately 12 billion dollars each year. The purpose of this goal is to stimulate timely complete collection of all monies due the government consistent with good customer service and business efficiency.

Key Partners in Achieving this Goal Include: The Federal Reserve System and the banking system.

Objective: Improve and Simplify Tax Laws and Administrative Guidance, Consistent with Important Tax Policy Goals

Means and Strategy

- The Treasury Office of Tax Policy and the IRS will work within the Administration and with Congress to identify and modify provisions of the Internal Revenue Code, and Treasury and IRS guidance requiring improvement or simplification. Modifications will be consistent with other important tax policy goals and considerations such as fairness, equity, minimal burden, economic efficiency, progressivity and revenue considerations, statutory language, and congressional intent.
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Objective: Increase Compliance with Tax Laws

Means and Strategies

- The IRS will provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all. To achieve this mission, the following strategic goals have been established:
 - **Top Quality Service to Each Taxpayer:** The IRS will provide top quality service to each taxpayer with whom it deals by making filing easier, providing first quality service to each taxpayer needing assistance with his or her return or account, and providing prompt, professional, helpful treatment to taxpayers in cases where additional taxes may be due.
 - **Top Quality Service to All Taxpayers:** The IRS will consistently apply the law with integrity and fairness to all, so those taxpayers who do not comply are not allowed to place a burden on those who do.
 - **Productivity through a Quality Work Environment:** The IRS will increase productivity by providing a quality work environment for its employees that will increase job satisfaction and hold agency employment stable as the economy grows and service improves.
- Improve the effectiveness of compliance efforts to maximize revenue collection at Customs and ATF.
 - Update and improve ATF tax and Customs tariff compliance data collection and analysis to target compliance activities more effectively.
 - Use information technology improvements to identify and resolve compliance issues as early as possible.
 - Pursue partnerships with the ATF tax and Customs tariff-paying communities to facilitate and expand informed compliance.

- Accomplish these goals while increasing the protection of taxpayer rights and privacy.
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Objective: Improve Federal Non-tax Debt Collection

Means and Strategies

- The Financial Management Service (FMS) will manage a centralized administrative offset of Federal payments by delinquent debtors as mandated by the Debt Collection Improvement Act of 1996 (DCIA).
 - Treasury's Fiscal Assistant Secretary and FMS will provide leadership in having all Federal agencies comply with the requirements of the DCIA, and facilitate the increased collection of outstanding non-tax debt by providing training to all Federal employees in all aspects of debt collection and creating new incentives for agencies to comply with DCIA.
 - FMS will increase the collection of delinquent child support payments on behalf of States as permitted under DCIA.
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Key External Factors Affecting Achievement of Goal

- **Privacy and Rights Issues.** The Internal Revenue Service (IRS) must make certain that taxpayer privacy and rights are protected as it explores more efficient and effective means to deliver service and enforce compliance.
- **Changes in the Internal Revenue Code.** Changes made for various policy reasons to the Code often pose challenges for tax administration.
- **Budgeting Constraints and Uncertainties.** Resource limitations and uncertainties make it difficult to improve effectiveness through either increases in personnel or large investments in productivity enhancing equipment, even if they represent sound investments. Without investments in increased productivity, reductions in the IRS's budget will lead to degradation in compliance and/or customer service.
- **The Changing Nature of the Economy.** The evolution of the traditional paper-based economy to one founded in electronic transactions complicates identifying and verifying financial transactions for tax liability purposes. In addition, the growth of self-employment and small businesses reduces the IRS's ability to depend on automatic and accurate income reporting to enforce tax compliance (i.e., W-2's).
- **Electronic Commerce.** The speed and adoption of electronic commerce will have an effect on the administration and collection of taxes.

GOAL: MANAGE THE FEDERAL GOVERNMENT'S ACCOUNTS

Treasury serves as the Federal Government's accountant by issuing checks and electric payments, managing its cash, and producing financial statements and other financial information. The Financial Management Service (FMS) performs these tasks as part of Treasury by serving as the U.S. Government's financial manager, its central disburser of funds, and its collections agent, as well as its accountant and reporter of financial information. FMS also promotes sound financial management government-wide through its cash management and credit administration programs. The purpose of this goal is to become the world-class financial manager for the Federal Government.

Key Partners in Achieving this Goal Include: The Federal Reserve System, other Federal agencies, and the banking system.

Objective: Ensure all Federal Payments Are Accurate and Timely

Means and Strategies

- FMS will work with agencies, and the Internal Revenue Service (IRS) with its payment methodologies, to develop and implement plans for increasing the use of Electronic Funds Transfer (EFT) for income tax refunds, vendor and miscellaneous payments.
 - Working closely with the financial services industry, FMS will foster and implement new information technology and other approaches to expedite the transition to electronic payments (i.e. new ways of transmitting remittance information, including the implementation of the Electronic Transfer Accounts).
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Objective: Ensure that the Government's Cash Management Minimizes Risk and Provides Immediate Flow and Balance Information

Means and Strategies

- FMS will use new technologies to collect receipts promptly and reduce cash management costs.
 - Treasury and FMS will work together to improve the ability to forecast the government's cash flows through new centralized electronic systems, identify incentives for agency compliance with cash management standards, and enhance the protection of public monies through regulatory and program oversight.
-

Objective: Provide Accurate and Timely Financial Information and Support the Government-wide Implementation of Accounting Standards

Means and Strategies

- Treasury will exert leadership in the preparation of the government-wide Consolidated Financial Statements by:
 - Facilitating agency compliance with the provision of the Government Management and Reform Act of 1994, requiring accurate and timely audited financial information.
 - Improve Treasury's systems and processes for collecting information for and preparing the Government-wide Consolidated Financial Statements

- Maintain or improve the accuracy, timeliness, and quality of the audited statements for the Bureau of Public Debt (BPD), the IRS, and FMS, due to the critical, material nature of these Treasury entities for increasing the credibility of the annual audit of the Federal Government's financial position.
 - FMS and BPD will maintain and advance a high degree of systems integrity and internal controls that assures that systems provide complete, secure, and accurate financial information on government receipts, disbursements and public debt promptly and accurately.
 - FMS will reduce the risk of unpaid revenue through a comprehensive spectrum of collection and compliance improvement actions encompassing information and telephone systems, pilot programs, labor saving automation, and taxpayer payment options.
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Objective: Strengthen the Government's Financial Infrastructure to Improve the Efficiency of Program Management across Government

Means and Strategies

- FMS will create user-friendly means to support and facilitate the management of money and information to meet the needs of Federal agencies and those they serve.
 - Treasury will encourage cross-servicing, use of private sector, and Federal Reserve infrastructure in service delivery to take advantage of proven systems and organizations for common services.
 - Treasury will continue to monitor and invest in emerging technologies to ensure that the Government is current in financial technology.
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Objective: Ensure the Effective Management and/or Investment of Funds in the Custody of Treasury

Means and Strategies

- Conduct periodic and comprehensive review of Treasury's duties and responsibilities for all active trust, special, revolving, and deposit funds.
 - Organize, as needed, and actively participate in intra-Treasury working groups to review general or specific issues that relate to the management and investment of funds in the custody of Treasury.
 - Coordinate with program agencies to address and to resolve issues related to the management and investment of funds in the custody of Treasury.
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Key External Factors Affecting Achievement of Goal

- **Systems Capabilities/Compatibility.** Technology and systems capabilities/compatibility of Treasury and Federal agencies could be a problem in certain instances. It will be important to obtain acceptance by Federal agencies for the modernization of their financial systems consistent with a compatible government-wide platform.
- **Acceptance.** Stakeholder and payment recipient acceptance of electronic payments is critical to the success of the Debt Collection Improvement Act's (DCIA) requirement for electronic payments. Concerns center around the waiver that will be granted, servicing the unbanked, and the success of proposed legislation aimed at

challenging DCIA's requirement for electronic payments. Treasury will continue to seek input on implementing regulations. Special consideration will be given to the impact of the regulations on consumers with special physical, financial or geographic needs.

- **Compatibility.** Compatibility of Treasury and private sector systems may be compromised by new technologies and/or payment and collection techniques. It may be necessary to develop new information technology and telecommunications interfaces in order to facilitate the flow of information between the government and the private sector.
- **Transmission of Financial Data.** Agencies that provide financial data to Treasury for consolidated Government-wide financial statements must be able to have or access the modern systems to do so in a timely and accurate manner.

GOAL: COST-EFFECTIVELY FINANCE THE FEDERAL GOVERNMENT'S OPERATIONS

It is Treasury's responsibility to borrow what is necessary to meet the monetary needs of the Government. This borrowing is the national debt, which exceeds 5 trillion dollars and entailed annual interest payments in Fiscal Year 1999 of over 353 billion dollars. The debt includes Treasury notes and bonds; foreign and domestic series certificates of indebtedness, notes and bonds, savings bonds, and also Government Account Series, State and Local Government series, and special purpose securities. Treasury's goal is to sell, service, and pay the debt in a manner that minimizes the long-term cost of those borrowings, to provide sound cash management in order to ensure that adequate cash balances are available at all times, and to promote efficient capital markets. Within Treasury, Domestic Finance and the Bureau of Public Debt is responsible for this goal.

Key Partners in Achieving this Goal Include: The Federal Reserve System and the financial services industry.

Means and Strategies

- Preserve the integrity of the market for Treasury securities by: (1) maintaining the risk-free status of Treasury securities; (2) maintaining a regular, predictable pattern of financing; (3) maintaining market liquidity; (4) financing across the maturity spectrum; and (5) financing the Federal government from a single source.
 - Conduct financing operations, including the issuance of both conventional securities and innovative products such as the inflation-indexed securities, in the most effective and least disruptive manner.
 - Continue to reduce the frequency of Treasury auctions and explore the use of buybacks of outstanding securities and regular re-openings of securities in order to maintain large, liquid benchmark issues.
 - Inform market participants of Treasury borrowing policies, borrowing requirements and any changes thereto on a timely basis.
 - Increase the attractiveness of non-marketable Treasury securities, such as U.S. savings bonds, using easy to access investments for potential purchasers.
 - Maintain safe and secure electronic systems to auction, hold and transfer Treasury marketable securities, and increase ease of customers' electronic access to these systems.
-

Key External Factors Affecting Achievement of Goal

- **Market Conditions.** Market conditions affect prices and interest rates.
- **New Technologies.** The effect of the emergence of new, secure electronic technologies.
- **Continued Budget Surplus.** Managing debt reductions in an era of on-going budget surplus.

GOAL: IMPROVE THE EFFICIENCY OF PRODUCTION OPERATIONS AND MAINTAIN THE INTEGRITY OF U.S. COIN AND CURRENCY

Treasury has two bureaus that manufacture all coins and paper money for the United States. The Bureau of Engraving and Printing (BEP) produces over 9 billion Federal Reserve currency notes each year at its facilities in Washington, D.C. and Ft. Worth, Texas. It also produces over 20 billion postage stamps annually and security documents for other government agencies. Production of metal coins is the job of the United States Mint (Mint), which is world's largest manufacturer of coins, medals, and coin-based consumer products. The purpose of this goal is to increase the efficiency with which coin and currency are produced, and yet make them as safe and secure as possible against counterfeiting.

Key Partners in Achieving this Goal Include: The Federal Reserve System, the banking system, and the Securities Technology Institute at the Applied Physics Laboratory at the Johns Hopkins University

**Objective: Increase the Productivity and Efficiency of Coin and Currency
Manufacturing**

Means and Strategies

- BEP and the Mint will streamline systems, install and maintain appropriate equipment and processes to meet targeted demand and quality requirements, and reduce overhead and administrative costs.
 - BEP will streamline the currency manufacturing process through implementation of an electronic inspection system.
 - The Mint, in partnership with the Federal Reserve Board, will continue to refine its coin demand models.
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**Objective: Continue to Explore Mechanisms for Maintaining the Integrity of U.S. Coin
and Currency**

Means and Strategies

- Treasury will continue to review coin and note denominations for public acceptance and cost.
- BEP will monitor counterfeiting activities and develop appropriate strategies to partner with the financial community, the Advanced Counterfeit Deterrence Steering Committee, and the Securities Technology Institute at the Applied Physics Lab at Johns Hopkins University to design, test, and develop next-generation security features for U.S. currency.
- BEP will design, develop, and issue redesigned U.S. currency, incorporating an array of security features in the ink, paper, and design, and launch a worldwide public education campaign to support issuance.
- Treasury will expand overseas presence to more effectively combat the burgeoning international criminal threat to our financial systems, organize and implement legislatively-mandated audits of U.S. currency use and counterfeiting overseas. As part of this effort, joint Departmental Offices, Secret Service, and Federal Reserve teams will meet with and discuss pertinent issues with U.S. embassy and foreign government, law enforcement, and financial institution officials.
- Safeguard our nation's currency and bullion assets.

- Ensure appropriate staff levels and resources to support the initiatives of the Advanced Counterfeit Deterrence Program.
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Key External Factors Affecting Achievement of Goal

- **Currency and Coin Demand.** Changes in currency demand (orders from the Federal Reserve) impact annual production at BEP. For coinage, the cyclical nature of coin demand can change within a rapid time frame. The potential for the use of electronic cash could also impact overall currency and coin demand.
- **Legislative Action Regarding Coins.** The legislation creating the 50 States Commemorative Quarter Program will continue to have a significant impact on the Mint. Any dollar coin legislation that limits production of the \$1 note will have a significant impact on the Bureau of Engraving and Printing.

LAW ENFORCEMENT MISSION
PROTECT OUR FINANCIAL SYSTEMS AND OUR NATION'S
LEADERS, AND FOSTER A SAFE AND DRUG-FREE AMERICA

Treasury's efforts in law enforcement represent a significant portion the Federal Government's law enforcement efforts. Combining regulatory and investigative expertise, Treasury's law enforcement responsibilities are unique and critical to fostering a safe nation.

The U.S. Customs Service plays a critical role in protecting our borders, by preventing drug smuggling and related money laundering, and ensuring that all goods and persons entering and exiting the United States do so in compliance with all U.S. laws and regulations. The Bureau of Alcohol, Tobacco and Firearms combats violent crime, collects revenue, and promotes regulatory compliance through its enforcement of Federal laws and regulations pertaining to alcohol, tobacco, firearms, explosives and arson. The U.S. Secret Service protects the President, Vice President, visiting foreign heads of state and major presidential candidates, and provides uniformed protection of the White House. It also suppresses counterfeiting and financial crimes against the currency, obligations and securities of the United States. The Internal Revenue Service enforces compliance with tax laws and uses its unique financial investigative capabilities to suppress money laundering and financial crime. The Office of Foreign Assets Control administers and enforces economic and trade sanctions against targeted foreign countries, terrorism sponsoring organizations, and international narcotics traffickers based on U.S. foreign policy and national security goals. The Executive Office of Asset Forfeiture manages the funds generated by the seized assets and forfeiture program with the goal of dismantling criminal organizations by taking the profit out of crime. The Financial Crimes Enforcement Network implements anti-money laundering regulations and serves as a key source for the systematic collection, analysis and dissemination of information to assist in the investigation of money laundering and financial crimes. The Federal Law Enforcement Training Center provides training for the vast majority of Federal law enforcement personnel. In addition, it develops and presents a variety of training programs to state, local, and international law enforcement personnel.

In achieving the goals in this mission area, Treasury works closely with other departments and agencies with cross-cutting activities to ensure coordination. These include, among others, the Departments of Justice, State, Defense, Commerce, Interior, Agriculture, Transportation, the Central Intelligence Agency, and the Federal Reserve Board. In addition, coordination with various Executive Offices such as the Office of National Drug Control Policy and the National Security Council occurs frequently.

GOAL: COMBAT MONEY LAUNDERING AND OTHER FINANCIAL CRIMES

To enjoy the profits of their crime, whether drug trafficking, fraud, firearms trafficking, or terrorism, criminals must launder their proceeds to get them into legitimate commerce. Along with other Federal Departments and Agencies, Treasury battles money laundering by employing state-of-the-art technology and undercover investigations to identify illegal financial activity that is intermingled with actually or apparently legal activity. Treasury also works with the private sector to enhance the measures taken by banks and other financial institutions to assist in developing intelligence and investigative leads for money laundering. Since money laundering cuts across the United States and around the world, Treasury endeavors to build and strengthen partnerships and alliances with state, local, and international governments. The Department is also responsible for conducting investigations of criminal activities that threaten our Nation's financial systems and economy. Specifically, Treasury is responsible for investigating counterfeiting of currency and securities; forgery and altering of government checks and bonds; thefts and frauds relating to Treasury electronic funds transfers; financial access device fraud; telecommunications fraud, computer and telemarketing fraud; and fraud relative to Federally insured financial institutions.

Key Partners in Achieving this Goal Include: The Departments of Justice (DoJ), and State (DoS), the National Security Council (NSC), the Federal Reserve Board, various financial institutions (banks, credit unions, money service businesses, etc), state and local authorities, and various international working groups (Financial Action Task Force, Asia Pacific Group on Money Laundering, Inter-American Drug Abuse Control Commission, etc.)

Objective: Dismantle Domestic and International Money Laundering Networks

Means and Strategies

- Working with the Department of Justice and other Federal, state, and local agencies, implement the National Money Laundering Strategy.
 - Strengthen law enforcement to disrupt flow of illicit money through a number of initiatives including: ensuring adequacy and proper allocation of personnel resources; pursuing of counter-money laundering legislation; enhancing collection, analysis, and sharing of information; and intensifying training.
 - Establish the Financial Crime-Free Communities Support Program to provide technical assistance and training, information on best practices, and grants to support state and local action against money laundering.
 - Dedicate and concentrate resources in high-risk areas through designation of High Intensity Financial Crimes Areas.
 - Pursue bilateral and multilateral measures to strengthen anti-money laundering regimes in the international arena.
 - Enhance regulatory efforts and cooperative public-private sector partnerships to protect the nation's financial systems and business communities from illicit assets.
 - Establish and equip intra-agency and inter-agency task forces to dismantle international financial crime networks.
 - Continue to direct and support the Treasury-led Black Market Peso Exchange Working Group in its efforts to disrupt the Black Market Peso Exchange system.
 - Prevent and respond to efforts to use technological developments, such as Smart Cards, Electronic Commerce, and the Internet to further money laundering schemes.
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Objective: Reduce Counterfeiting and Other Criminal Threats to Our Financial System

Means and Strategies

- Develop anti-counterfeiting strategies and employ technological and investigatory methods to detect and prosecute designers and traffickers in counterfeit currency and instruments.
 - Pursue operational and policy responses to counterfeiting advances through exploitations of inkjet printers and other technological innovations.
 - Combat the burgeoning international criminal threat to our financial systems.
 - Develop and revise policies, operations, and public-private partnerships to prevent, recognize, and combat all forms of identity theft.
 - Develop and coordinate policies, operations, and public-private partnerships to prevent abuses of credit cards and similar currency substitutes.
 - In partnership with the Departments of Justice, State, and others, develop and deploy domestic and international measures to prevent other forms of white-collar crime.
-

Key External Factors Affecting Achievement of Goal

- **Implementation of the National Money Laundering Strategy.** Successfully fighting money laundering is dependent, at least in part, on the implementation of the National Money Laundering Strategy. Continued support for the Bank Secrecy Act by Congress, the financial industry, and the public is needed.
- **Private Sector Efforts.** Treasury's anti-money laundering efforts depend on participation and cooperation by banks, money service businesses, and others in the private sector. The effectiveness of private sector anti-money laundering measures thus will greatly affect the success of Treasury's efforts.
- **Federal, State, Local and International Cooperation.** Battling money laundering and other financial crimes will require cooperation at all levels. Achieving such widespread cooperation will be an enormous endeavor.
- **Advanced Technologies.** Advances in reprographic technology are becoming more affordable and widely used, thereby broadening the counterfeiting threat.

GOAL: PROTECT OUR NATION'S BORDERS AND MAJOR INTERNATIONAL TRANSPORTATION TERMINALS FROM TRAFFICKERS AND SMUGGLERS OF ILLICIT DRUGS
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The use of illicit drugs is one of the most serious problems facing American society. Drugs play a part in virtually every major social issue in America - health care, crime, mental illness, child abuse, or the spread of disease. In combating this menace, Treasury plays a significant role in our counter-narcotics effort by protecting the borders and major international terminals from traffickers and smugglers of illicit drugs. Inspection, investigative, intelligence, canine, marine, and air interdiction assets are used to detect and prevent drugs from reaching our streets. Treasury works to reduce the drug supply through sophisticated interdiction efforts (seizure and destruction of narcotics) and comprehensive investigative efforts (dismantling smuggling organizations). Outreach programs are used to enlist the active support of the trade community in providing information on potential illegal activities. Treasury also provides support to international carriers in their efforts to prevent smugglers from using their ships and planes to introduce narcotics into the U.S.

Key Partners in Achieving this Goal Include: Various Federal, state, local, and international law enforcement agencies.

Objective: Deny the Smuggling of Illicit Drugs at Land Borders, Airports, and Seaports

Means and Strategies

- Ensure the dedication and training of ground, air, and marine assets to shield our land, air, and sea borders from penetration by narcotics.
 - Continue to improve and evaluate elements of the Border Coordination Initiative with Department of Justice and explore other geographical areas where this comprehensive integrated border management system might be employed.
 - Support the development of technological advances to better detect smuggling.
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Objective: Support All Other Aspects of the National Drug Control Strategy

Means and Strategies

- Enhance investigatory methods and processes to develop better intelligence and anti-smuggling cases.
- Improve international intelligence gathering and sharing.
- Encourage and work with source/transit nations to take actions to prevent the introduction of drugs into the U.S.
- Improve data collection centers to enhance the quality and utility of information.
- Continue to participate in productive Federal and state and local anti-drug task forces, bringing essential counter-narcotics and money laundering expertise to such cooperative efforts as Organized Crime Drug Enforcement Task Forces and High Intensity Drug Trafficking Areas.

- Enforce economic sanctions against traffickers and those hiding or laundering their assets and deny normal financial and economic systems to traffickers and their fronts. Provide guidance on the appropriate use of such sanctions.
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Key External Factors Affecting Achievement of Goal

- **Interagency Coordination.** All of the counter-drug agencies must ensure that their investigative efforts are closely coordinated. They must also ensure that such efforts are integrated into broader policy and planning activities.
- **Effect of Related Enforcement Actions.** The strengthening in recent years of anti-smuggling resources between the ports-of-entry has a direct effect on the size and scope of the challenge facing Treasury. As the law enforcement pressure between the ports increases, it forces more illegal traffic to the ports themselves which will need to be countered.
- **Measuring the Availability of Drugs.** There are no official government estimates of the available supply of drugs in the United States. Until a set of drug availability estimates is available, there is no way to accurately measure the reduction in the supply of drugs reaching the U.S.
- **Demand Increase or Reduction.** The magnitude of the challenge facing Treasury is affected by the domestic demand for illegal drugs. As demand increases, there will be greater efforts to increase the amount of drugs smuggled across the border to meet that demand. Conversely, a reduction in demand would probably be reflected in fewer smuggling attempts.
- **Increase in Volume of Trade.** The United States' volume of trade in imports and exports represents 20% of the worldwide trade. Volumes have grown tremendously and are expected to double every 10 years. This increase in trade presents increased smuggling opportunities and increased challenges.

GOAL: REDUCE VIOLENT CRIMES AND THE THREAT OF TERRORISM

Violence is one of the United States' critical law enforcement concerns. Treasury combines its unique jurisdiction, skills, and assets with those of other Federal, state, local, and international law enforcement organizations to combat crime and violence. This is accomplished through an integrated approach of: 1) effective enforcement of the Federal firearms, explosives, and arson laws; 2) education; and, 3) prevention efforts. Treasury also uses innovative solutions to increase its efficiency and effectiveness and that of its other law enforcement partners.

Key Partners in Achieving this Goal Include: The Departments of Justice (DoJ), and State (DoS), Defense (DoD), Transportation (DoT), the National Security Council (NSC), various other Federal, state, local, and international law enforcement organizations.

Objective: Deny Criminals Access to Firearms and Reduce the Risk of Violent Crime in Our Communities

Means and Strategies

- With the Justice Department, develop and implement the national strategy to reduce firearms violence.
 - Fairly and effectively enforce the Brady Law and other federal firearms laws to prevent felons and other prohibited persons from obtaining firearms from federal licensees.
 - Seek adoption of legislation to extend Brady-style background checks to all firearms purchases at gun shows.
 - Pursue innovative, preventive intervention and enforcement strategies, including collaborative partnerships with other federal, state and local law enforcement agencies, to reduce firearms crime and violence.
 - Prosecute armed career criminals, armed narcotics traffickers and felons in possession of firearms.
 - Develop and expand ballistic, mapping, and other technology, and expand comprehensive tracing by federal, state and local law enforcement to better trace and link weapons used in crime.
 - Reduce the illegal supply of firearms by continuing Federal Firearms Licensee (FFL) compliance efforts and enforcing laws and regulations to prevent illicit trafficking to felons, unauthorized juveniles, and other prohibited persons.
 - Working with other Federal, state and local law enforcement, continue the Youth Crime Gun Interdiction Initiative (YCGII), and the Gang Resistance Education and Training (GREAT) and other prevention programs, to reduce trafficking of firearms to unauthorized juveniles and youth involved in violent gangs, and to reduce firearms crime and violence by juveniles and youth.
 - Take steps to reduce the number of lost and stolen guns that enter the illegal market.
 - Maintain appropriate firearms importation and international trafficking policies. Share tracing and anti-smuggling expertise and work cooperatively with the international community to combat illegal firearms traffic.
 - Implement a truly National Integrated Ballistics Information Network.
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Objective: Strengthen the Capability to Fight Terrorist Threats to the U.S.

Means and Strategies

- Prevent the entry of Weapons of Mass Destruction into the U.S. through the development and deployment of technology, sharing of information, and strengthening of interdiction and investigative resources.
 - Support development of enhanced detection technology to respond to weapons contained in the terrorist arsenal.
 - Enforce economic and other sanctions against individuals and nations sponsoring terrorism.
 - Plan and implement security for national special security events.
 - Provide expertise and leadership to counter-terrorism activities and investigations led by other agencies.
 - Foster increased interagency cooperation and information-sharing to enhance and coordinate various agencies' substantive expertise in preventing and responding to terrorist activities.
 - Support development and expansion of the Federal Law Enforcement Training Center's Counter-Terrorism Training Program to enhance Federal, state, and local agencies' counter-terrorism training.
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Objective: Safeguard the Public From Arson and Explosive Incidents

Means and Strategies

- Maintain the highest standards of investigative expertise and state-of-the-art technology to most effectively respond to bombing and arson incidents.
 - Ensure full participation of relevant entities in the national repository for arson and explosives information.
 - Prevent criminal misuse of explosives in crimes of arson through enforcement, regulation, and community outreach.
 - Investigate thefts and illegal diversion of explosives.
 - Provide international, state, and local training on arson and explosive matters.
 - Continue studies on the use of tracer elements in explosive materials.
-

Key External Factors Affecting Achievement of Goal

- **Changing Threat.** As criminals become more sophisticated and violent, Federal law enforcement personnel will be presented with an even greater challenge of preventing their criminal activities.
- **Heightened Reporting of Arson and Explosives Information.** The national repository for arson and explosives information would be greatly enhanced by increased reporting from relevant enforcement authorities. In addition, federal, state, and local officials must work toward establishing uniform terminology for reporting purposes.

- **Firearms Industry Actions.** Treasury's enforcement efforts would benefit if the firearms industry takes affirmative steps to track weapons and monitor the operations of Federal Firearms Licensees to ensure compliance with all applicable laws.
- **Litigation.** Resolution of the numerous lawsuits filed against firearms manufacturers may affect how the manufacturers operate. Treasury will need to adapt its enforcement efforts accordingly.

GOAL: PROTECT OUR NATION'S LEADERS AND VISITING DIGNITARIES

Treasury provides the physical protection of the President and Vice President of the United States, foreign heads of state and government, and various other dignitaries designated by law or Executive Order. Treasury also provides the physical security of the White House complex, the Vice President's residence, various foreign diplomatic missions, and other specific locations and facilities.

Key Partners in Achieving this Goal Include: Various Federal, state, local, and international law enforcement organizations.

Objective: Proactively Manage the Changing Nature of Threats by Developing, Acquiring, and Deploying Countermeasures

Means and Strategies

- Provide protection to certain individuals as mandated by law.
 - Identify and assign areas and levels of responsibility to ensure the protection of appropriately designated Campaign protectees.
 - Complete implementation of the White House Security Review Recommendations.
 - Identify emerging technologies posing a threat to protectees and develop defenses against them.
 - Exploit technology that can be used to lower risk to protectees and ensure their safety.
 - Continue to develop partnerships with other Federal, state, and local law enforcement bureaus and agencies in the fulfillment of the vital protective mission.
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Objective: Develop a Formal Risk Assessment-Based Decision-Making Process to Enhance Protective Capabilities

Means and Strategy

- Identify system requirements and implement risk assessment/reduction systems that will provide the safest possible environment for all protectees while efficiently utilizing resources.
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Key External Factor Affecting Achievement of Goal
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- **Changing Threat.** Increase in the number of potential targets and the willingness of foreign terrorist organizations to take actions on U.S. soil.

GOAL: PROVIDE HIGH QUALITY TRAINING FOR LAW ENFORCEMENT PERSONNEL
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Treasury provides quality, cost effective training for law enforcement professionals by: 1) maximizing the use of law enforcement and training experts; 2) providing quality facilities, support services, and technical assistance; 3) conducting law enforcement research and development; and 4) sharing state-of-the-art law enforcement technology. There are many advantages of consolidated training for Federal law enforcement personnel, not the least of which is an enormous cost savings. Consolidated training avoids the duplication of overhead costs that would be incurred by the operation of multiple agency training sites. Consolidation also ensures consistent, high quality training, and fosters interagency cooperation and camaraderie. Finally, consolidated training allows students from different Departments and agencies to commingle and learn about each other's professional responsibilities, thus enhancing the students' view of the overall law enforcement effort.

Key Partners in Achieving this Goal Include: The Departments of Justice (DoJ), Agriculture (DoA), Interior (DoI), State (DoS), the Office of Management and Budget (OMB), the Environmental Protection Agency (EPA), the General Service Administration (GSA), and various other Federal, state, local, and international law enforcement organizations.

Objective: Enhance Basic, Advanced, and In-Service Training Programs to Meet Changing Needs and Increasing Demands

Means and Strategies

- Develop and deploy alternative training delivery systems.
 - Explore the possibility of using alternatives such as distance learning capabilities and computer-based training programs to achieve training efficiencies.
 - Strengthen partnerships among the participating agencies.
 - Provide training to the law enforcement bureaus to help managers recruit, promote, and retain a diverse workforce
 - Develop and deliver training to the international law enforcement community to promote national and international objectives or to satisfy requirements of international agreements.
 - Provide international training in support of the International Law Enforcement Academies.
-

Objective: Develop and Operate State-of-the-Art Facilities and Systems Responsive to Interagency Training Needs

Means and Strategies

- Stabilize and improve the physical plant by implementing the Master Plan to guide the expansion of facilities to meet projected training needs.
 - Exploit alternatives such as distance learning capabilities and computer-based training programs to effect long-term cost savings.
-

Key External Factors Affecting Achievement of Goal

- **Continued Participation in and Joint Funding of Consolidated Law Enforcement Training.** Consolidated law enforcement training, which is made possible by voluntary joint funding agreements among participating agencies, achieves substantial savings both to the individual agencies and to the government. Close coordination and cooperation ensure that the needs of the agencies are met and that their operational efforts are strengthened at the Federal level. Consolidated training and the funding process/formula that currently allows Treasury to receive 100% funding of agency basic training projections must be preserved.
- **Changing Threats.** As criminals become more sophisticated and violent, Federal law enforcement personnel will be presented with even greater challenges in preventing criminal activities. Preparing future law enforcement personnel for this challenge will require new, innovative, and cost effective training.

MANAGEMENT MISSION

CONTINUE TO BUILD A STRONG INSTITUTION

Treasury's missions include diverse and critical responsibilities in the programmatic areas of economics, finance, and law enforcement. This fourth mission area recognizes the need for strong and efficient management processes and administrative support to accomplish our program missions.

The management mission area includes Department-wide goals and objectives to strengthen our human resources, information technology, financial management, procurement, and equal opportunity programs. In addition, it also includes Department-wide initiatives in the areas of customer satisfaction and employee satisfaction. These are structured to implement a "balanced measures" approach to measuring program success throughout the Department.

In achieving the management mission, Treasury works closely with various organizations to ensure coordination on cross-cutting activities. These organizations include, among others, the Office of Management and Budget, the Government-wide Chief Financial Officers Council, the Office of Personnel Management, the Federal Chief Information Officers Council, and the General Services Administration.

GOAL: SUPPORT THE ACHIEVMENT OF BUSINESS RESULTS

Treasury's operating programs and staff – such as IRS's taxpayer advocates and Customs' inspectors -- deal directly with our customers each day and are primarily responsible for meeting our service standards and business objectives. However, these staff are aided by a management support infrastructure which provides the tools they need to do their job, ranging from providing quick access to the information they need, to maintaining their physical workstations and office environment, to making sure they get paid on time.

To reflect the activities that make up this infrastructure, we have set a strategic goal to improve our capabilities in each of the support areas throughout the Department because, by doing so, we enhance the operating programs' ability to meet their business targets. In other words, the right people, supported by the right technology, with access to the right information in a well managed, strategically-driven organization will get the job done.

Key Partners in Achieving this Goal Include: Office of Personnel Management, General Services Administration, Government-wide councils (i.e., Chief Financial Officers Council, Federal Chief Information Officers Council, Procurement Executive Council), and the Office of Management and Budget.

Objective: Improve Capacity to Recruit, Develop, and Retain High-Caliber Employees

Means and Strategies

- Work with the Office of Personnel Management, Congress, and employee representatives to obtain greater management flexibility in managing human resources Department-wide -- to bring on people with specific skills more quickly, to pay them more competitively, and to provide necessary training.
- Re-engineer human resources systems to better support Treasury managers. Components of this strategy include:
 - Reengineering processes to reduce substantially the time needed to complete personnel actions;
 - Removing or reducing low value-added activities to allow human resource systems to make greater contributions to achieving organizational goals; and,
 - Creating automated human resources information systems that integrate comprehensive personnel, payroll, program, and finance data on human resources.
- Develop recruitment and selection strategies for hiring a high-caliber and diverse workforce, including:
 - Identifying and implementing "best practices" from government and the private sector in recruiting and hiring;
 - Fostering expanded knowledge and use of human resources flexibilities; and,
 - Fostering partnerships in developing "skill specific" internships to meet recruitment needs for hard-to-fill positions.
 - Utilize technology to market Treasury as a model employer and enhance the Department's outreach capabilities.
- Improve organizational succession planning by defining opportunities for advancement and professional growth and make sure people know how to access them. Such opportunities may include: rotational assignments, sabbaticals, interagency and inter-sector opportunities to improve technical and managerial abilities, and mentoring programs.

- Strengthen the skills of managers to lead and develop their employees and to assess performance through:
 - Technical and managerial training courses delivered in-house or by recognized private sector entities;
 - Giving managers the information and analytical tools necessary to plan for future turnover, training needs, and organizational restructuring; and,
 - Providing an organizational culture that supports and expects performance appraisals to be timely and accurate and to lead to appropriate outcomes.
 - Align human resources systems and incentives to retain high-performing employees and better handle under-performers in order to accomplish the agency's mission as well as provide an atmosphere for individual empowerment and well-being.
-

Objective: Foster an Environment of Equal Opportunity

Means and Strategies

- Expand equal employment opportunities and minority programs. This includes, but is not limited to, establishing partnerships with schools, including those having large minority populations, maximizing the use of technology (Internet and Intranet), and using existing organizations to leverage recruitment.
 - Identify and apply best practices utilized by government and private industry in attracting minority applicants.
 - Adopt strategies and implement programs that are aimed at training, retaining, and promoting a diverse workforce.
 - Adopt strategies and implement programs that are aimed at valuing and managing a diverse workforce.
 - Strengthen managers' ability to communicate equal opportunity and diversity concepts.
 - Develop and implement effective alternate dispute resolution programs.
 - Create opportunities to increase communications between managers and employees on equal opportunity issues.
-

Objective: Ensure Strong Financial Management of Treasury Accounts

Means and Strategies

(The strategies below have been established by the Treasury Chief Financial Officers Council. Treasury bureaus will work closely with this council in implementing these strategies.)

- ***Financial Systems:*** Create integrated financial management systems by standardizing core data elements Department-wide and developing uniform integration policies, to enable all key Bureau financial data to be aggregated for improved analysis and decision making. Work with bureaus to ensure that financial management systems plans result in financial systems that comply with Federal requirements.
- ***Performance Management Strategy:*** Align budget, performance measurement, and accounting data to produce a cohesive financial information framework that institutionalizes a fully integrated Departmental performance management system that includes budget and cost data in support of the decision making process.

- ***Financial Reporting Strategy:*** Develop the systems capability and accounting methodology to provide accurate, timely, and unqualified audit opinions on Departmental financial statements, with full cost accumulation for all Treasury programs and activities, to facilitate internal analysis, resolve known high risk control issues, and enhance external financial statement reporting.
 - ***Human Resources Strategy:*** Develop a Department-wide career development plan for financial management, budget and accounting personnel at different grade levels that defines and establishes training and education core competencies, certifications, and on-the-job experiences and promotes rotational assignments across the entire Treasury financial community.
 - ***Electronic Commerce Strategy:*** Take full advantage of future technology by implementing various electronic commerce practices which are available and have been proven to be best practices in financial management.
-

Objective: Make Wise Capital Investments and Effectively Manage Treasury's Assets

Means and Strategies

- Treasury will use a Capital Investment Review Board (CIRB) and bureau Investment Review Boards (IRBs), to oversee the planning and management of the Department's capital assets.
 - These Boards will follow the principles of the Clinger-Cohen Act, other applicable direction and guidance, as well as government and private industry best practices.
 - The Boards will consider the business cases for all capital investment proposals, i.e., information technology investments and other capital projects (e.g., buildings, vehicles, etc), and determine which should be pursued and in what order of priority.
 - The Boards will also monitor the progress of approved capital projects and the use and status of existing assets.
 - The Boards will rely on information from the Information Technology Investment Portfolio System (I-TIPS), a Federal government-wide developed software tool that maintains critical capital investment information and allows Treasury to:
 - Ensure that capital investment portfolios support each organization's business missions (i.e., organizations can review and modify their capital investments to align these investments with their Results Act plan and other organizational considerations).
 - Develop an efficient decision-making process to assess capital investment proposals in terms of their support of the organization's mission, risks, and cost and expected returns.
 - The Boards will also oversee the recruitment, development, and retention of high-caliber, asset management staff, and broadening the skill level of existing staff, to meet the needs of a technologically-advanced, highly-leveraged asset management organization of the future.
 - To support the review and monitoring of information technology investment proposals, the CIRB will rely on the leadership and resources of Treasury's Chief Information Officer (CIO), supported by Treasury's CIO Council which consists of bureau CIOs. The CIO/CIO Council will create a Treasury IT architecture framework that provides a common, multipurpose, and standards-based infrastructure. This architecture will act as a high-level blueprint to make certain that all Treasury IT systems are appropriately compatible and structured to provide maximum program benefit.
 - To support the CIRB's review and monitoring of other capital investment proposals, Treasury will establish the position of Chief Asset Officer, supported by the Treasury Asset Management Council, to assist in the development Department-wide asset management principles to be used as guidance in making major decisions concerning the planning, acquisition, use, maintenance, and disposal of assets under the jurisdiction, custody and control of Treasury.
-

Objective: Procure Quality Goods and Services at a Fair and Reasonable Price and in a Timely Manner

Means and Strategies

- Aggressively adopt acquisition reforms and innovations to improve acquisition processes and support Treasury's mission. Work with the Procurement Executive Council (PEC) to establish new procurement innovations. Share best procurement practices with other agencies.
 - Seek opportunities to increase participation by small, minority, and women-owned businesses in Treasury procurements. Serve on the PEC's Socio-Economic Committee to share interagency best practices. Serve on the Civilian Agency Acquisition Council (CAAC) to influence procurement rules to provide more opportunities for increased participation by small, minority and women-owned businesses.
 - Pursue initiatives to improve opportunities for small, minority and women-owned businesses by such means as fostering mentoring arrangements between established companies and these firms, and by providing better tools to allow these firms to gain access to needed capital resources.
 - Monitor the overall quality of the Treasury procurement system through the Treasury Procurement Performance Measurement Model (which addresses eleven performance goals and measures) and any other appropriate means. Participate in the PEC's Performance Measurement Committee to establish and maintain Government-wide performance measures.
-

Objective: Ensure Continuity of Treasury Operations

Means and Strategies

- Use the Office of Security Compliance Program and the Treasury Terrorism Advisory Group to enhance oversight, information-sharing, and coordination on security issues across Treasury bureaus. This will ensure the Department can protect its vital assets and respond to domestic terrorism threats, emergencies, and disasters with a minimum of disruption to the continuity of Treasury's operations.
- Manage Information Systems Security Risks by ensuring that policies, procedures and practices are adequate to protect resources. Computer security shortcomings will be addressed Department-wide. For Treasury's high impact agencies – the Internal Revenue Service (IRS), the U.S. Customs Service (USCS), and the Financial Management Service (FMS) -- key strategies include:
 - **IRS:** The Office of System Standards and Evaluation will conduct reviews at service centers, district offices and posts-of-duty to evaluate and test security controls. The approach also includes performing comprehensive reviews of the offices' continuity of operations plans, physical security, logical security, communications security, personnel and administration security, operating practices, and software quality assurance activities, and work with officials to successfully develop and implement corrective action plans.
 - **USCS:** To address weaknesses in its automated systems, Customs will replace the Automated Commercial System with the Automated Commercial Environment. ACE will provide an integrated automated information system to efficiently collect, process, and analyze commercial data of goods and merchandise imported into the United States. ACE will also: 1) reduce the under-collection and/or overpayment of revenue; 2) provide a cost-effective and repeatable process for data analysis; 3) provide a more stable operating environment reducing system downtime; 4) protect consumers from unsafe products entering the U.S. commerce; and 5) protect the U.S. markets from unfair trade practices.
 - **FMS:** FMS will continue conversion of legacy payment systems to state-of-the-art platforms and will prepare revised guidance on information technology security controls in line with audit recommendations. FMS has developed a successful bureau-wide security awareness program as evidenced by the increased numbers of calls for assistance for IT security guidance received by the IT security staff from throughout FMS.

Objective: Strengthen Treasury's Ability to Ensure Proper and Effective Oversight of Bureau Operations

Means and Strategies

- Strengthen oversight, policy formulation and coordination across the Treasurer's bureaus, the enforcement bureaus, and the fiscal bureaus. This will be supported by improving access to, and use of, timely and accurate information on key bureau performance measures through Treasury's Performance Reporting System (PRS). To improve timeliness, Treasury will expand the capacity of the PRS to access current performance data directly from the bureaus' source systems.
- Strengthen data reliability and accuracy by systematically reviewing the bureaus' source data systems and the quality of the data they produce. The Office of Inspector General (OIG) will continue to earmark between 10 to 15 percent of their audit resources each year to evaluate the accuracy and reliability of the bureaus' performance data systems. Continue to require bureaus to self-identify data quality problems that are known to exist and highlight known data reliability problems in Treasury's reports
- Strengthen the capacity of the Office of the Inspector General and Treasury Inspector General for Tax Administration to independently evaluate and monitor key bureau operations and to provide their findings and recommendations to address problem areas in a timely manner. Improve the process of monitoring progress on the key management challenges and high-risk areas identified by the IGs and GAO. Maintain close working relationships between the IGs and key Departmental and bureau officials to identify changes in priorities, interests, and oversight needs.

Key External Factors Affecting Achievement of Goal

- **Changing Nature of the Civilian Labor Force.** Changes in the demographics and the expectations of the labor force will require crafting human resources programs that are multifaceted and flexible.
- **Competitive Disadvantages in Labor Market.** Formerly, Federal hiring overcame disadvantages of lower salary rates by offering greater career stability. As the Federal workplace comes more and more to resemble the private workplace in rapidity of change, a flexible and supportive workplace which empowers managers and employees to succeed in challenging work becomes more critical in attracting and retaining the best and the brightest.
- **New Accounting Requirements and Related Legislative Actions.** Any modifications or additions to accounting standards and financial systems promulgated by the Federal Accounting Standards Advisory Board, the Joint Financial Management Improvement Program, Congress, or other governing bodies, could affect the cost and preparation of required audited financial statements.
- **Asset Management Challenges.** Sustaining long-term support for asset management in the public sector, which is often more oriented toward short-term issues and budget requirements will be a challenge. Treasury will explore ways to institutionalize the process through various means, including gain-sharing of savings and incorporating savings targets into executive performance standards.

GOAL: IMPROVE CUSTOMER SATISFACTION
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Treasury is a very diverse organization that has many different customers -- the American taxpayer, the trade industry, the Federal Reserve and other Federal agencies, investors, and state and local governments. Treasury has established customer satisfaction as the first goal under the Management mission to reinforce the notion that ultimately we need to measure our success in terms of how well we are satisfying the requirements and expectations of those we serve.

Objective: Develop Customer Service Standards for all Treasury Programs Serving the Public

Means and Strategies

- Systematically engage each major customer group that Treasury serves to define their expectations for Treasury products and services.
 - Develop measurable customer service standards for each product and service provided to the public and actively publish them so that customers know what level of service to expect.
 - Where appropriate, work with other agencies to coordinate development of service standards and to promote seamless service from the customers' perspective.
-

Objective: Regularly Measure Actual Performance Against Standards and Report Results to the Public

Means and Strategies

- Make actual performance information available to Treasury managers on a timely basis to identify and reward service excellence and address service problems. This will require new systems, or improvements to current systems, to capture information concerning actual performance against the established customer service standards.
 - At least once each year, report to the public on the degree to which the standards were met.
 - Use feedback information regarding customer satisfaction to modify/revise customer service standards and other operational goals and objectives, where appropriate.
-

Key External Factor Affecting Achievement of Goal
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- **Competing Needs of Treasury's Customers and Stakeholders.** There may be instances where the needs of two different customers are in conflict with or contradict each other. In these cases, Treasury will try to develop standards that balance conflicting needs to the extent possible.

GOAL: IMPROVE EMPLOYEE SATISFACTION

The need to measure employee satisfaction is based on the premise that our employees are in the best position to assist us in identifying the organizational strengths and weaknesses that either enhance or diminish their ability to do their jobs well. In other words, employees know the extent to which their work environment is healthy and supports high performance, and when they are being effectively led, trained, equipped, and rewarded.

At its core, employee satisfaction is a measure of management effectiveness and, as such, can be viewed as an early indicator of the organization's ability to succeed in meeting its mission. Treasury has established this goal to emphasize its efforts to improve the culture of the organization.

Objective: Regularly Measure Employee Perceptions of Management and Organizational Effectiveness

Means and Strategies

- Determine which survey instruments are most appropriate to measure employee satisfaction within each bureau.
 - Make survey results available to Treasury managers on a timely basis to identify and address potential problems identified by employees.
-

Objective: Target Employee Development Where Opportunities Exist to Improve in Areas Identified by Employees

Means and Strategy

- Hold executives and managers accountable for addressing and resolving employee-identified problems. This will require that managers be provided the tools and training they need to successfully make use of employee feedback. This will also require incorporating an employee satisfaction element into managers' performance standards.
-

Key External Factor Affecting Achievement of Goal

- **Authority.** Employees may make suggestions that are beyond Treasury's authority or capacity to readily address, such as changes in pay or benefit levels that are prescribed by law.

Appendix A. Treasury's Strategic Management Process

Planning, Budgeting, and Reporting

Treasury has implemented an integrated strategic management process to guide our operations and improve our performance. This process consists of a disciplined effort to:

- Set strategic goals and priorities for the long-term;
- Set annual performance targets;
- Manage and budget to achieve those targets; and,
- Systematically report on annual performance.

While this process fully complies with both the letter and spirit of the Results Act, it is principally intended to help the Department improve its mission accomplishment. Program management and accountability will focus on outcomes and programmatic results, not inputs and processes. The strategic management process will inform managers, employees, and stakeholders of the purposes of programs, the means to achieve the purposes, and progress toward achieving the purposes.

Set Strategic Goals and Priorities for the Long-term. The Treasury strategic plan sets goals, objectives, strategies, and priorities to guide the Department as a whole. It also forms the baseline for the development of component strategic and annual plans. Each bureau and select program offices within Treasury has developed subsidiary strategic plans which provide additional detail on how the Department will achieve its goals. Collectively, the Department-wide plan and the subsidiary plans provide the detailed strategic road-map required by the Results Act.

As with all other government agencies, Treasury operates in domestic and international economic, social and political environments that are constantly changing. These changes will affect the Department's ability to meet its goals and objectives. As a result, the Departmental strategic plan and component plans all include descriptions of the external factors which may impact on Treasury's ability to achieve its goals.

Set Annual Performance Targets. Treasury has formatted its budget submission to serve as both a budget request and as the Results Act performance plan. The performance goals included in the budget submission serve to justify the resource request (i.e., they detail what the country will receive in return for its investment in our programs). The performance goals and targets presented in the budget justification are derived from the strategic goals presented in the strategic plans.

Manage and Budget to Achieve Those Targets. Treasury's annual budget submission is built around the goals and strategies of its strategic plan. In essence, the budget request is an annual implementation plan for the strategic plan. Accordingly, Treasury managers are expected to be guided by the strategic thinking of the Department as they make the day-to-day management decisions that drive our programs. The Department and individual bureaus track progress in implementing strategies and achieving performance targets during the year and make adjustments as needed to maximize performance.

Systematically Report on Annual Performance. Treasury's annual budget submission also includes the annual performance report required by the Results Act. Each year, actual performance is compared to the targets published at the start of the year, and explanations are provided to explain differences between planned and actual levels. In addition, beginning in 2000, the Department will present a separate narrative report on achievement of Treasury's strategic objectives.

Linking General Goals and Objectives to Annual Performance Goals

The success of Treasury's strategic management process is dependent on strategic thinking driving resource and other management decision-making. For this reason, Treasury has emphasized making explicit the link between general goals and objectives in its strategic plans and the annual performance goals in the budget/annual performance plan (as previously described). Appendix B identifies the specific component strategic goals and objectives that support the general objectives included in this Treasury-wide strategic plan. In addition, each component strategic-plan includes a table that shows the direct linkage between the component's strategic goals and objectives and their annual performance goals. Collectively, Appendix B and the tables provided in the component plans trace the relationships between the high-level, long-range goals in the Treasury-wide strategic plan and the tactical performance goals included in the budget/performance plans.

Appendix B. Summary Linkage Table (how goals and objectives are linked to component goals)

To be completed once bureau plans are submitted

Appendix C. Coordination on Cross-Cutting Issues

Department of the Treasury -- FY 2000 - FY 2005 Strategic Plan

[illegible]

Appendix D. Use of Program Evaluations in Updating Strategic Plan

Treasury's Strategic Plan identifies the Department's missions, strategic goals, objectives, and strategies. Treasury bureaus' Annual Performance Plans are used as operational plans. These plans translate the high-level Departmental strategic goals, objectives, and strategies into actual measurable results. Progress toward achieving the goals identified in the performance plans is tracked by monitoring specific performance measures in the bureaus' Annual Performance Plans. Performance measurement determines if the intended outcomes are being achieved and it identifies any trends that may be developing.

Program evaluations are a valuable complement to ongoing management with the use of performance measures. Program evaluations cover assessments, through objective measurement and systematic analysis, of the manner and extent to which programs achieve intended objectives. In addition, program evaluations also encompass assessment of program implementation processes and operating policies and practices when the primary concern is about implementation rather than program outcomes. Treasury accomplishes program evaluations through a variety of sources:

- **Internal reviews conducted by individual Treasury bureaus and program offices.** Several bureaus have program evaluation functions that have been used to shape their goals and objectives. However, as a result in a decline in funds available for dedicated bureau staff to perform these program evaluations, limited information resulting from bureau developed program evaluations has been available.
- **Reviews and audits performed by Treasury's Office of the Inspector General (OIG) and the Treasury Inspector General for Tax Administration (TIGTA).** Audits and evaluations conducted by the OIG often focus on areas of strategic interest to the Department. The results from such OIG audits and evaluations were considered in the development and update of this strategic plan.
- **Reviews conducted by the General Accounting Office (GAO).** GAO audits are a valuable tool to determine the effects of programs. GAO reports have been used in the past to assess program effectiveness and will continue to be used as a critical external evaluation source. The results from such GAO audits were considered in the development and update of this strategic plan.

Specific program evaluations that were used to develop and update this strategic plan include the following *[Note -- this section will be completed when all input from policy offices and bureaus is received]:*

Program Evaluation / Audit	Treasury Goal / Objective	Results
Customs Service Modernization (GAO/AIMD-99-41)	Maintain U.S. Leadership on Global Economic issues/Facilitate legitimate trade, increase compliance with trade laws, enhance access to foreign markets, and enforce trade agreements	It was noted that Customs was not managing the @ \$1.3 billion Automated Commercial Environment (ACE) program effectively, and it did not have a firm basis for concluding that ACE is a cost-effective solution to modernizing its commercial environment. As a result of the GAO program evaluation, Customs made several changes to the program and addresses these in the strategic plan. For example; (1) they will partner with a prime contractor to map an incremental development plan for ACE; (2) they will take a modular approach with each module having an associated Cost Benefit Analysis (CBA); (3) they will partner with a prime contractor to employ software engineering rigor and discipline.
IRS Customer Service (GAO audits and external reviews)	Collect Revenue Due the Federal Government/ Increase compliance with tax laws	Passage of the IRS Restructuring and Reform Act of 1998 was the climax of numerous evaluations demonstrating the need for IRS to fundamentally change direction from not only collecting taxes, but thinking of its job as serving the people who are paying the taxes, America's taxpayers. IRS has embarked upon

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		a comprehensive effort to realign a large organization's organizational structure, systems, values, and how it measures its success. As a result, several new strategies under this strategic objective were developed.
Consolidated Financial Statements for Government (GAO audits)	Manage the Federal Government's Accounts/ Provide accurate and timely financial information and support the government-wide implementation of accounting standards	A significant commitment of Treasury and FMS's management as well as adequately trained staff and effective automated financial systems is being made to meet the challenges of providing reliable consolidated statements.

Listed below are examples of future program evaluations and audits currently proposed to assess the effects of various Treasury strategic goals, objectives, and programs *[Note -- this section will be completed when all input from policy offices and bureaus is received]*:

Program Evaluation / Audit	Treasury Goal / Objective
Drug Interdiction: The GAO will conduct a study to assess the effects of the U.S. Customs Service efforts to interdict illicit drugs entering the country -- FY 2000	Protect Our Nation's Borders and Major International Terminals from Traffickers and Smugglers of Illicit Drugs/Deny the smuggling of illicit drugs at land borders, airports, and seaports
Tax Law Compliance: The IRS will develop a way to measure compliance rates of taxpayers with tax laws. -- est. FY2000	Collect Revenue Due the Federal Government/ Increase compliance with tax laws
Taxpayer Burden: The IRS will complete studies of the burden imposed on taxpayers to comply with tax laws. -- est. FY 20XX	Collect Revenue Due the Federal Government/ Increase compliance with tax Laws

Treasury and its bureaus plan to continue to improve efforts to internally conduct program evaluations and to benefit from the evaluations performed by the OIG and GAO.

Appendix E. Data Capacity

Every performance measure presented in Treasury's Annual Performance Plans and Reports includes a definition, a statement of how information is validated, and a rating of the reliability of the data presented. This information is contained in individual bureau plans/reports in a "Verification and Validation" section.

In addition, bureaus briefly describe their general performance measure data quality and how the data is generally verified and validated to determine and assure its accuracy. To avoid unnecessary duplication, bureaus include in this introductory section any information that applies to most or all of its measures on how it verifies and validates data. For example, if all performance measure data collection systems are subject to an annual audit, this fact will be included in this section rather than repeated for each measure. Information that applies to specific measures is included in the Verification and Validation section of bureau plans. If portions of the bureau's data are not judged to be sufficiently accurate for program management and performance reporting purposes, the bureau describes efforts to improve data quality and/or its ability to verify and validate data.

Following this introductory section, three pieces of data quality information are provided for each measure:

- A brief definition
- Information on how the bureau collects data and verifies and validates the accuracy of the information. Examples of information on how data is verified and validated could include information such as "Auditors examine the system once a year to ensure the reports it produces are correct" or "internal system checks that report an out-of-balance condition are used to ensure validity."
- A statement of the data quality of each measure based on the verification and validation information:
 - "Reasonable Accuracy" - judged to be sufficiently accurate for program management and performance reporting purposes; that the means used to verify and validate measured values are sufficiently credible and specific to support the general accuracy and reliability of the performance information recorded, collected and reported.)
 - "Questionable or Unknown Accuracy", or:
 - In the case of measures where statistical confidence intervals are available, these are provided instead of the rating statements. Where statistical confidence intervals are available, they are used to state the precision of the data (e.g., + or - 3% with a 95% confidence).

Appendix F. Management Challenges and High-Risk Areas -- Index of Strategies Related to Treasury's GAO- and IG-Identified Management Challenges and High Risk Areas

The following table summarizes current challenges and risks and how they are addressed in this strategic plan.

Challenge or High Risk	Issue	Related Goal/Objective	Page
Violent Crime/Gun Control (IG-99)	OIG has identified weaknesses in ATF's ability for approving applicants for a Federal Firearms License (firearms dealers). Efforts to determine the eligibility of applicants were hindered by the unavailability of such information and weaknesses in the criminal history record system. In some cases, background checks were not performed.	Goal: Reduce Violent Crimes and the Threat of Terrorism Objective: Deny criminals access to firearms and reduce the risk of violent crime in our communities	27
Need to improve computer security controls (GAO-99)	FMS faces considerable challenges in overseeing the development, implementation, and operation of its entity-wide information systems, including the establishment of appropriate computer controls. FMS can not ensure on an ongoing basis that weaknesses will be promptly detected and corrected until it has an effective entity-wide security management program.	Goal: Support Achievement of Business Results Objective: Ensure continuity of Treasury operations	37
Issues related to preparing reliable Consolidated Financial Statements for the Government (GAO-99)	FMS action plans to address Federal agencies' problems with fundamental recordkeeping, incomplete documentation, and weak internal controls which prevent the government from accurately reporting a large portion of assets, liabilities, and cost is a significant challenge. It will require a significant commitment of agencies and FMS's management as well as adequately trained staff and effective automated financial systems.	Goal: Manage the Federal Government's Accounts Objective: Produce accurate and timely financial information and support the government-wide implementation of accounting standards	16
Ability To Produce Government-Wide Consolidated Financial Statements (GAO-99)	In its report dated March 31, 1998, on the FY 1997 consolidated financial statements (CFS), GAO reported major financial systems and internal control weaknesses that prevented the Government from accurately reporting a large portion of its assets, liabilities and costs. Concerted efforts are needed at other Federal agencies as well as at Treasury to address these problems and ensure auditable financial statements for the U.S. Government.	Goal: Manage the Federal Government's Accounts Objective: Produce accurate and timely financial information and support the government-wide implementation of accounting standards	16
Assessing The Impact Of Efforts To Reducing Filing Fraud (GAO-99) & Revenue Protection – Minimizing Tax Filing Fraud (TIGTA-99)	GAO outstanding concerns include: completing initiatives responding to questionable refunds being made with particular attention to Earned Income Credit (EITC) as a result of missing or invalid Social Security numbers, internal controls to ensure that only valid tax refunds are made, and completion of studies on the filing fraud issue. TIGTA identifies concern over the integrity of EITC payments, and concern that fraudulent claims may be migrating to business returns.	Goal: Collect Revenue Due to the Federal Government Objective: Increase compliance with tax laws	13

Challenge or High Risk	Issue	Related Goal/Objective	Page
Correcting Management And Technical Weaknesses In Systems Modernization (GAO-99) & Modernizing the IRS – Technology Modernization (TIGTA-99)	GAO reported that until its recommendations have been fully implemented, IRS lacks the ability to effectively modernize its tax systems. These include strengthening and improving the ability to manage contractors, and establishing annual performance plans with quantifiable and measurable performance goals and measures on prime systems modernization. TIGTA reports the major obstacle to overcome is the ability of the IRS executives and managers to oversee a project as large as the IRS modernization, while effectively transitioning Information Systems employees and processes into a new organization.	Goal: Collect Revenue Due to the Federal Government Objective: Increase compliance with tax laws	13
Problems related to Federal Taxes Receivable and Other Unpaid Assets (GAO-99)	Striving to close the gap between tax revenue owed the government and the amount likely to be collected remains a major challenge for IRS. IRS's long standing systems that are unable to provide timely, useful and reliable information on the status of taxpayer accounts are deficiencies that make this challenge even more difficult.	Goal: Collect Revenue Due to the Federal Government Objective: Increase compliance with tax laws	13
Financial Management and Control Issues (GAO-99) And Financial Management (TIGTA-99)	TIGTA reported that GAO has expressed concerns over the past several years regarding the IRS's financial management. It reported six material weaknesses relating to the IRS's financial reporting process, and that IRS needs to develop a sound financial management program. GAO in its 1999 report stated the 1997 administrative financial statements audits by IG disclosed material weaknesses related to controls over property and equipment, and to the recording of liabilities and expenses. The 1997 custodial financial statements audit by IG disclosed six material weaknesses, and two instances of reportable noncompliance. It also noted significant challenges in implementing new Federal accounting standards effective with the FY 1998 statements.	Goal: Manage the Federal Government's Accounts Objective: Produce accurate and timely financial information and support the government-wide implementation of accounting standards	16
Need To Improve Security Controls Over Information Systems (GAO-99) & Security of IRS's Information Systems (TIGTA-99)	Although IRS is improving computer security, weaknesses in computer security controls continue to place automated systems and taxpayer data at serious risks to both internal and external threats. Until stronger security controls are in place over its information systems, IRS' tax processing operation remain vulnerable to disruption. Furthermore, the sensitive taxpayer data maintained by IRS could be disclosed to unauthorized individuals, modified and improperly used, or destroyed, thereby exposing taxpayers to financial crimes such as identity fraud.	Goal: Support Achievement of Business Results Objective: Ensure continuity of Treasury operations	37

Challenge or High Risk	Issue	Related Goal/Objective	Page
Year 2000 Compliance Progress (GAO-99) & Modernization of the IRS – Year 2000 Compliance (TIGTA-99)	GAO indicated successful testing of compliance work, especially integrated testing and testing with significant data exchange partners is a challenge. Also more work remains on contingency planning, which could become the most significant piece if Y2K systems fail. TIGTA identified two issues increase the risk of Y2K, inaccurate inventories, and behind schedule aspects of the conversion effort.	Goal: Support Achievement of Business Results Objective: Make wise capital investments and effectively manage Treasury's assets	36
Protecting Taxpayer Rights And Compliance Activities (GAO-99) & Taxpayer Protection and Rights (TIGTA-99)	GAO reported that in January 1998, IG reported IRS did not appear to have established the right climate or sufficient controls to ensure that taxpayer rights are adequately protected in administering the tax laws. Programs that IRS had put in place to help problems with the IRS did not appear to be working effectively at that time. TIGTA audits indicated that the IRS still has some work to do. For example, it found IRS does not have effective systems or processes to ensure compliance with the law for six of the RRA98 provisions audited.	Goal: Collect Revenue Due to the Federal Government Objective: Increase compliance with tax laws	13
Processing Returns And Implementing Tax Law Changes During The Tax Filing Season (TIGTA-99)	The IRS's Year 2000 filing season will be impacted by numerous legislative and operational changes. The 2000 filing season legislative problems will primarily be of short time frames to react to legislation enacted late in the year, legislation extending provisions of previous laws concerning tax credits expiring, and the impact of the alternative minimum tax on certain tax credits. Late passage of legislation could create programming problems and increase the risk of processing errors. Many of the IRS's current back-up processing options will not be available during the 2000 filing season due to Y2K issues.	Goal: Collect Revenue Due to the Federal Government Objective: Increase compliance with tax laws	13
Providing Quality Customer Service Operations (TIGTA-99)	Although the IRS has invested heavily in technology, telephone service to taxpayers has not improved. The IRS was not able to satisfactorily handle the level of customer demand on its toll-free telephone lines during the 1999 filing season. In addition to providing better telephone service, face-to-face service remains an important part of providing quality customer service. An integral part of customer service missing from management realignment is the taxpayer walk-in sites.	Goal: Collect Revenue Due to the Federal Government Objective: Increase compliance with tax laws	13

Challenge or High Risk	Issue	Related Goal/Objective	Page
Implementation of the Government Performance and Results Act of 1993 at IRS(TIGTA-99)	The IRS Strategic Plan and Budget, which includes the Annual Performance Plan, satisfies a major requirement of the GPRA. However, due to the IRS' modernization efforts the performance measures are being re-evaluated. Several years may be required before the IRS can fully adopt a balanced performance measurement system that will focus on three major areas: business results, customer satisfaction, and employee satisfaction.	Goal: Collect Revenue Due to the Federal Government Objective: Increase compliance with tax laws	13
Impact of the Global Economy on Tax Administration (TIGTA-99)	Significant improvements are needed in international compliance programs to focus on non-filing, transfer of assets by U.S. citizens to foreign trusts, foreign tax credit claims, and foreign-sourced income.	Goal: Collect Revenue Due to the Federal Government Objective: Increase compliance with tax laws	13
Modernization of the IRS – Organizational Restructuring (TIGTA-99)	IRS's Operations are having questionable success in achieving results. The Large and Middle-sized Businesses Unit is already behind plan for transitioning to its new structure.	Goal: Collect Revenue Due to the Federal Government Objective: Increase compliance with tax laws	13
Customer Service and Tax Compliance Initiatives (TIGTA-99)	The inventory of delinquent cases in the collection process is increasing.. The staffing decreases for compliance activities, plus the compliance staffing assigned to customer service activities, particularly during filing season, make it extremely difficult to adequately work cases.	Goal: Collect Revenue Due to the Federal Government Objective: Increase compliance with tax laws	13
Department-Wide Financial Management Asset Forfeiture Program Weaknesses (GAO-99)	<i>Treasury accountability and reporting over seized and forfeited property</i> – progress needs to continue on plans to address weaknesses noted in its Accountability Report, the Treasury Forfeiture Fund internal controls, different law enforcement bureau systems/definitions, and required disclosures information. <i>Consolidation of asset management and disposition functions needed</i> - GAO encourages Treasury and Justice to continue to identify areas of duplication and pursue options for consolidation of their two similar but separate seized asset management and disposal programs.	Goal: Support the Achievement of Business Results Objective: Make wise capital investments and effectively manage Treasury's assets	36
Department-Wide Integrated Financial Management Systems Weaknesses (GAO-99)	An integrated system that would perform basic accounting functions and provide integrated budget, financial and performance information that managers could reliably use to make decisions was recommended by the Treasury OIG. Although the Treasury CFO Council initiated a project to define core financial data requirements, evaluate current systems capabilities, and develop recommendations for implementation of a Department-wide data stewardship process, integration issues continue to exist.	Goal: Support the Achievement of Business Results Objective: Ensure strong financial management of Treasury accounts	35

Challenge or High Risk	Issue	Related Goal/Objective	Page
Treasury's Ability To Produce Consolidated Financial Statements (GAO-99)	Some bureaus still have material weaknesses to correct which cause them to expend a great effort after year-end to produce auditable financial statements. This prevents them from producing meaningful, reliable financial data throughout the year to help managers better manage their programs. New Federal accounting standards and new responsibilities transferred to the Department, such as the D.C. pension make it even more necessary, but difficult, for the Department's reporting entities to implement improvements in financial management systems. Absent these improvements, it will be difficult for them to eliminate material weaknesses, produce accurate and timely financial statements, and comply with the Federal Financial Management Improvement Act	Goal: Support the Achievement of Business Results Objective: Ensure strong financial management of Treasury accounts	35
Treasury's Information Technology Investment Management (IG-99)	Effective compliance with the Clinger-Cohen Act by improving capital planning, investment controls, project management, systems development, and establishing performance measures for information technology is needed.	Goal: Support the Achievement of Business Results Objective: Make wise capital investments and effectively manage Treasury's assets	36
Government Performance and Results Act (GPRA) Implementation (IG-99)	Challenges exist in integrating performance planning and reporting with budget formulation and execution, and annual financial reporting. Treasury must develop effective cost accounting so that programs and operations can be effectively evaluated from a cost/benefit standpoint. More work is still needed to refine strategic planning processes and in producing accurate and reliable data for performance measures.	Goal: Support the Achievement of Business Results Objective: Strengthen Treasury's ability to ensure proper and effective oversight of bureau operations	38
Information Security (IG-99)	Major computer systems at Treasury bureaus are vulnerable to unauthorized access and have inadequate security to ensure the reliability of computerized data. Additional risks stem from Treasury's efforts to make computer systems Year 2000 compliant.	Goal: Support the Achievement of Business Results Objective: Ensure continuity of Treasury operations	37
Financial Management at Treasury/ Compliance with FFMIA (IG-99)	Treasury continues to face significant challenges in order to meet the requirements of the Federal Financial Management Improvement Act of 1996.	Goal: Support the Achievement of Business Results Objective: Ensure strong financial management of Treasury accounts	35

Challenge or High Risk	Issue	Related Goal/Objective	Page
Financial Management Challenges Remain (GAO-99)	Customs progress in addressing financial management weaknesses has removed it from the high risk area, but challenges remain related to controlling access to sensitive data in its automated systems, maintaining complete and reliable information in its core financial systems, and the lack of a comprehensive disaster recovery plan.	Goal: Support the Achievement of Business Results Objective: Make wise capital investments and effectively manage Treasury's assets	36
	Weaknesses relating to the development of the Customs Automated Commercial Environment system have been identified. Customs should complete its enterprise systems architecture and institute a requirement that systems comply with the architecture.	Goal: Maintain U.S. Leadership on Global Economic Issues Objective: Facilitate legitimate trade, increase compliance with trade laws, enhance access to foreign markets, and enforce trade agreements	9
Accountability over seized and forfeited property (GAO-99)	Remaining improvements for storage facilities, enhancements to the SEACATS system, and correcting weaknesses in computer controls over the system for law enforcement activities are needed.	Goal: Support the Achievement of Business Results Objective: Make wise capital investments and effectively manage Treasury's assets	36
Trade Enforcement and Narcotics Interdiction by Customs (IG-99)	Antiquated data systems that are not fully integrated will continue to pose a high risk for Customs in that it will not be able to adequately carry out its dual responsibilities to facilitate trade and ensure trade compliance as well as protect the borders against drug smuggling and money laundering. The OIG has also reported problems with Customs' targeting systems, a lack of consistency in the performance and reporting of narcotics examinations, and a the need for a joint effort with Commerce and State on the export enforcement program.	Goal: Maintain U.S. Leadership on Global Economic Issues Objective: Facilitate legitimate trade, increase compliance with trade laws, enhance access to foreign markets, and enforce trade agreements	9
		Goal: Protect Our Nation's Border's and Major International Terminals from Traffickers and Smugglers of Illicit Drugs Objective: Deny the smuggling of illicit drugs at land borders, airports, and seaports	25
Revenue Protection (IG-99)	Customs could significantly reduce lost revenue through its planned large-scale system improvements. ATF needs to strengthen its financial management controls in order to ensure that hundreds of millions in excise taxes do not escape collection.	Goal: Collect Revenue Due to the Federal Government Objective: Increase compliance with tax laws	13

Challenge or High Risk	Issue	Related Goal/Objective	Page
	<p>Customs progress in addressing financial management weaknesses has removed it from the high risk area, but challenges remain related to controlling access to sensitive data in its automated systems, maintaining complete and reliable information in its core financial systems, and the lack of a comprehensive disaster recovery plan.</p>	<p>Goal: Support the Achievement of Business Results</p> <p>Objective: Make wise capital investments and effectively manage Treasury's assets</p>	36
<p>Money Laundering/Bank Secrecy (IG-99)</p>	<p>OIG audits at Customs and FinCEN have identified opportunities for better dissemination and use of the data available from the Filing of Currency Transaction Reports, Suspicious Activity Reports and Currency or Monetary Instruments Reports. Money laundering enforcement efforts have been hindered by law enforcement and regulatory agencies' lack of awareness of what data is available from FinCEN. Also, problems exist with the ease of accessing and using FinCEN databases. Recent audits of the Office of the Comptroller of the Currency's Bank Secrecy Act examinations or domestic national banks have identified areas where improvement is needed.</p>	<p>Goal: Combat Money Laundering and Other Financial Crimes</p> <p>Objective: Dismantle domestic and international money laundering networks</p>	23

Appendix G. Consultations and Stakeholders

To be completed following formal consultation process